

## NEWS SUMMARY

### GENERAL

#### Bombs blast Ulster train

Three bombs exploded on the Dublin to Belfast express train only a few hundred yards from the end of its journey. A woman was killed and at least six were injured, three seriously.

There was confusion over a bomb warning telephoned to the authorities. Police said the first bomb went off before they reached the train, which had stopped in a deep cutting.

Lord Killanin, president of the International Olympic Committee, was in the train. He was on a monthly visit to Belfast on a bank holiday.

#### Twenty dead on tanker

At least 20 people were killed and 70 injured by a boiler room explosion aboard the Liberian-registered tanker *Spyros*, under command of the captain, who was managed by the Niarhos group.

### FT statistics

The Financial Times apologises to its readers for the omission of certain up-to-date statistical material as a result of industrial action by members of the NATSOPA clerical chapel employed to prepare statistical information.

The Share Information Service, the FT's quarterly share indices and the Unit Trust page in today's issue are a repeat of the information shown in Thursday's issue. The same applies to the European Bourses and the FT Stock Indices on the London Stock Exchange page.

On Page 34 the money and currency page — Euro-Currency, Interest Rates, the Pound Spot Rates and Rates Forward against the Pound are also repeats of the tables shown in Thursday's issue.

The following items are missing from today's issue: European Options Exchange, London Traded Options, Active Stocks, Chief Price Changes Yesterday, New Highs and Lows for 1978, Rises and Falls yesterday.

### Sweden Decides

The Speaker has asked Sweden's liberal leader, Ola Ullsten to form a new Government and the Social Democrats said they would not oppose a Liberal one-party administration.

### Telegraph still out

The Daily Telegraph dispute worsened when 240 London members of the National Graphical Association voted not to meet for another week. The Telegraph has not appeared since Wednesday of last week. Back Page

### Belgium talks

Ving Badoulin began talks with political leaders in an effort to end the government crisis brought on by the resignation of his coalition led by Prime Minister Leo Tindemans. Page 3

### Carter warning

President Carter opened the Egyptian-Israeli peace talks in Washington with a warning that a treaty would be only one step towards a full Middle East settlement. Back Page

### Guard killed

Security guard John Potter died after being shot when a gang stole 15,885 which was being delivered to Northfield underground station in London.

### Beirut move

Jordan is likely to send troops to join the Arab peace-keeping force in Lebanon in response to a request from President Sarkis, who returned from his Arab tour with little prospect of a settlement. Page 4

### Minister quits

Zimbabwe Finance Minister John Mwanakatwe confirmed that he is retiring from politics for health reasons and will not stand in the December general election.

### Yen to escape

National Police Agency in Tokyo said that an average of six Japanese vanish every day to escape moneylenders, of which there are 167,555 registered in Japan. More than 3,000 of these have connections with crime syndicates.

### Briefly...

Bishop Abel Muzorewa left Salisbury to join Rhodesia's mission in the U.S. Smith fails to persuade, Page 4

South Africa's ban on the novel, *Peyton Place* was lifted 21 years after publication.

A 1923 Rolls-Royce Cabriolet fetched £16,200 at Phillips, London.

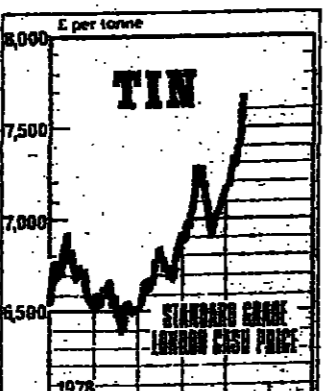
Life-size statue of Charlie Chaplin is to be erected at the Elephant and Castle, London.

Doje tests on three unnamed competitors in the world road race cycle championships have shown the use of anabolic steroids.

### BUSINESS

#### £ hits \$2,0005; Tin at new high

TIN prices rose to new peaks on the London Metal Exchange after reaching \$2,740, standard



grade cash tin closed at \$2,685 a tonne 195 up. Platinum also reached record peaks before closing £1 up at \$161.25 an ounce.

#### GOLD touched a record high

of \$324 before closing \$2 down at \$322 as the dollar gained ground.

#### EQUITIES eased, influenced by the unresolved wages dispute at BOC and Ford

GILTS came under renewed pressure, after a more confident start, on anxieties about the Minimum Lending Rate.

STERLING reached \$2,000.5, its highest level since August 15, but declined in subsequent quiet trading to close 75 points down at \$1,983.0. The pound's trade-weighted index fell to 62.4 (62.5).

DOLLAR fell sharply in nervous trading but picked up later. Its trade-weighted depreciation narrowed to 10 (10.1) per cent.

WALL STREET was 0.52 up at 901.94 near the close.

#### Pilots warn of blacking

IMMEDIATE action to black without warning British Airways aircraft may be taken by pilots on domestic and European flights after a "deplorable deterioration in the technical state of the aircraft," the British Airline Pilots' Association said. Back Page

UK SHIPPING industry showed a £1.3bn surplus of revenue over expenditure abroad last year on a record revenue from international activities of £3.6bn.

M. W. MARSHALL, probably the largest international money broker in the world, has been authorised to set up a subsidiary in Tokyo.

FRENCH Government has announced several new banking and credit regulations aimed at improving the capital structure of French banks and laying the groundwork for phasing out the strict credit control system. Page 3

LEYLAND VEHICLES announced a major new range of diesel engines to replace the 500 series, once plagued with problems. Page 6

YENEZUELA is seeking a relatively modest rise in the world oil prices as fixed by OPEC, to be combined with a regular quarterly increase fixed for two or three years ahead. Page 4

### COMPANIES

IBM Corporation third quarter net earnings rose to \$6.60 a share from \$6.66. Page 32

REED International, which has raised £68m this year through the sale of large parts of its South African and Canadian interests, is now negotiating the sale of its 80 per cent stake in its Australian holding company. Back Page

## Germans to tender for £7.4 bn. China steelworks order

BY JONATHAN CARR IN BONN & ROY HODSON IN LONDON

China is prepared to place orders worth up to DM28bn (£7.4bn) with West European industry to build an integrated steelworks. A West German industrial consortium is being set up to tender, and German banks are ready in principle to provide credit.

This huge scheme is further evidence of the gathering pace of China's drive for economic growth and of the growing opportunities there for Western technology.

The sum exceeds that of any comparable project in which a West German industry has become involved, such as the Kurck steelworks in the Soviet Union.

News of the proposed deal comes only weeks after the signing in Peking of a declaration of intent under which West German industry stands to gain orders of up to DM 8 bn to modernise the Chinese coal industry.

The steelworks, to be built in the north-eastern province of Hebei, is China's second big integrated steelworks planned on a green field site.

Nippon Steel of Japan is already working on a site engineering contract for a 6m tonne a year plant in Shanghai which would eventually be expanded to 10m tonnes capacity.

The total ultimate cost of both plants is expected to reach about £14bn at present-day prices.

The Hebei plant was announced yesterday by Schloemann-Siemag, one of the world's leading manufacturers of heavy rolling-mill equipment, and already a successful exporter to the Chinese market.

The company said it had been urged by Mr. Tang Ke, China's Minister responsible for the metallurgical industry, to form a consortium and bid for the contract. A works built in two stages was envisaged, with a final total capacity of 10m tonnes of crude steel annually.

The first stage is to be completed and working by 1983, and would have an annual capacity of 6m tonnes of crude.

The value of the orders in connection with this plant is set at between DM 15bn and DM 15bn.

The second stage, which would bring the total value of the works to a maximum of DM 28bn.

Other members of the industrial consortium include Siemens, that country's leading electrical engineering group.

It is understood in Bonn that the consortium is likely to present its tender before the end of next year. It is also realised that other West European companies may well share in the hopei project, but a competing West German consortium is not thought likely to emerge.

But the Japanese expect their tenders to be considered by the Chinese.

The British Steel Corporation told the Chinese last week that it would be willing to collaborate in the project if asked.

As in the case of the planned coal-mining deal, West German banks are prepared to put up credit to the Bank of China.

The Dresdner Bank, whose chairman, the former Economics Minister Hans Friderichs, has excellent contacts with the Peking leadership, is ready to head a consortium for this purpose.

A British iron and steel mission which returned from China a few days ago arranged exchanges of visits by specialist teams to discuss the Hebei project and development and modernisation of other Chinese steelworks.

Announcement of the Hebei plan comes at a time of greatly intensifying links between West Germany and China, part of Peking's relatively recent decision to open its doors to the West.

## Sir Keith warns of tough line against 'lame ducks'

BY RICHARD EVANS, LOBBY EDITOR

SIR KEITH JOSEPH, Mrs. Thatcher's policy adviser, yesterday followed the Conservative Party's swing against an incomes policy with a warning that a Tory Government would adopt a tough attitude towards industries crippled by bad management or lack of co-operation from workers.

His warning, which underlined the rightward shift the party appears to have taken on economic policy at its Brighton conference this week, was followed by growing criticism from rank-and-file Tories.

Mr. Heath's outspoken support for the Government's 5 per cent pay guideline. They feared it could damage Conservative electoral prospects.

Sir Keith appeared to indicate a return to the "lame ducks" philosophy abandoned by Mr. Heath's administration in 1972-1973 when he told the conference that the "apparent suicide" of many ship yards were products, a large extent, of Government stepping in with taxpayers' money.

He said: "If people can count on being rescued from folly, they will go on committing it. People are being led by their noses down the garden path to poverty and ruin."

He said the party's attitude to economic management in general, and incomes policy in particular.

Sir Keith made no direct reference to the deep rift between the Tory leadership and Mr. Heath over incomes policy, but he made it clear that he backed Mrs. Thatcher in her dislike of Government interference in pay bargaining.

"We do not think that controls on prices and dividends, on balance, do good for the people of this country. We think that competition, sensible policies on money and Government spending and borrowing, and on taxes, sensible policies on cash limits and on target rates of return from nationalised industries, plus a great deal of explanation to the effect that people can price themselves out of jobs if they are unrealistic, will be more effective than a cat's cradle of controls," he said.

Sir Keith added that a Tory administration would open up the gap between the net benefits from earnings and from not earning.

Continued on Back Page

## Lloyd's cash aid for Sasse

BY JOHN MOORE

LOYD'S OF London is to provide cash aid for the troubled underwriting syndicate headed by Mr. Frederick Sasse, which is underwritten by Lloyd's. The aid would amount to £5m (2.13m).

Those members of the syndicate who had underwritten a standard share of the premium of £40,000 might have to pay around £32,000.

Mr. Stephen Merrett, chairman of Merrett Dixey Syndicates, the underwriting agent that took over the management of the Sasse syndicate earlier this year, explained yesterday that Lloyd's ruling committee had decided to relieve some of the cash flow problems of the syndicate that have arisen on a Canadian contract by providing interest free loans.

This latest development has come after the revelation in late August that the Sasse syndicate was likely to face large losses on Canadian fire insurances, which would amount to £5m (2.13m).

Those members of the syndicate who had underwritten a standard share of the premium of £40,000 might have to pay around £32,000.

Reinsurance

Already members of the syndicate who have underwritten a standard share of the premium have been asked to pay up £54,550 mainly on \$10m losses arising on property fire claims in the US. The syndicate has been unable to recover reinsurance payments which it claims are due from the Brazilian Reinsurance Institute. Because of this refusal the syndicate faced a solvency problem and was suspended at Lloyd's last December.

The errors which have emerged, all on the Canadian fire loss business, occurred before the syndicate was taken over by Merrett Dixey, Mr. Merrett said yesterday that auditors Baker Sutton were investigating fully how "incorrect documents" came to be submitted for audit at December 31, 1976 and December 31, 1977.

After investigation it is possible that Merrett Dixey, in conjunction with the auditors, will seek legal and further accounting advice.

### CONTENTS OF TODAY'S ISSUE

European news	2-3	Technical page	14	Property	36-38
American news	4	Management	13	Intl. Companies	32-34
Overseas news	4	Arts page	21	Euro-markets	4-32
World trade news	5	Leader page	22	Money and Exchanges	34
Home news-general	6-7	UK Companies	24-33	World markets	35
Labour	11	Mining	26	Farming, raw materials	39
				UK stock market	40

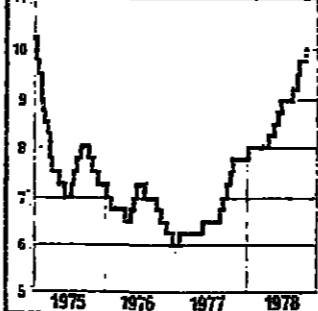
### FEATURES

Spanish retailing faces trouble	2	Around Britain: Cider country	12	Electricity reorganisation	31
Belgian uncertainty after Tindemans' fall	3	Politics today: Two parties with a common mood	23	FT SURVEY	
The Shah struggling to retain his grip	22			Banking in France	15-20

Appointments	10	Lombard	22	Weather	44	E. Fegarty and Co.	31
Assessment	10-11	Mon and Matere	22	INTERIM STATEMENTS		Robeco	31
Base Lending Rates	35	Racing	22	Debenhams	26	ANNUAL STATEMENTS	
Crossed	12	Saturn	22	Farmer Bros.	26	Ethel Co.	10
Europeans	26	Share Information	60-61	Conell, Dickenson	27	Dowling and Mills	28
Entertainment Guide	12	Today's Events	23	Mac's Brass	28	Albar River Table	27
Letters	23	TV and Radio	23	Sellacourt	28	Advent Group	40
Lex	44	Unit Trusts	23	Southwards	28		

For latest Share Index phone 01-246 8026

### US PRIME RATES



## 10% prime rate for Chase

BY JOHN WYLES

NEW YORK, Oct. 12

CHASE MANHATTAN Bank of New York today led the widely anticipated move towards a U.S. commercial banking prime rate of 10 per cent, the highest since January 1973.

Chase's move did not spark a string of similar announcements from other banks, but most are expected to follow suit in the next day or so because of the significant increase in short term money market rates since prime rates were boosted to 9 1/2 per cent last month.

Citibank, which bases its prime rate on a formula of 1 1/2 per cent above the three week average for 90-day commercial paper, has the option of going to 10 per cent tomorrow. Indeed, with commercial paper quoted today at 8 1/2 per cent, a 10 1/2 per cent prime rate may be only two weeks away.

Although there was nothing unexpected about Chase's move, it wiped out some early gains in the stock market, but contributed towards a falling of the dollar in the New York foreign exchange market.

The Carter Administration is publicly worried that high interest rates will markedly slow the rate of economic growth, but all the indications are that the economy is still bounding along.

President Carter had been expected to make an announcement next Monday, but this has been postponed to allow time for an analysis of the budgetary implications of the tax reduction legislation which should emerge from Congress by the end of this week.

In a somewhat surprising shift of stance, the American Federation of Labour—Congress of Industrial Organizations has been urging the administration to go for fully fixed controls on prices, wages, dividends, interest rates, rents and executive pay.

Mr. George Meany AFL-CIO president, is arguing that this is preferable to a guideline policy which will bear more heavily on labour than on the employer.

Michael Blanden writes: The Chase prime rate rise, coupled Continued on Back Page

## Miners seek 40% rise

THE MINERS yesterday underlined the vulnerability of TUC and Government attempts to plaster over their disagreement on pay policy by deciding to press a 40 per cent pay claim "in the spirit of free collective bargaining" and to reopen negotiations only eight months later.

At the same time, the Government faces the largest challenge yet to its 5 per cent pay policy from 2.5m workers in the engineering industry, who are to submit a claim for a 33 per cent rise in basic pay.

The guide-line-breaching pay offer—worth about 8 per cent—by British Oxygen's gases division to 3,000 of its manual labour force is likely to be rejected at a national conference of shop stewards today, union negotiators said.

However, a further boost for the Government's hopes of keeping the annual inflation rate within single figures came yesterday with the Price Commission index for September which showed that price rises notified over the previous six months were running at an annual rate of 4.2 per cent, slightly better than in August.

The Confederation of British Industry will totally oppose any attempt by the Government to enforce its pay limits through stricter price controls, Sir John Methven, CBI director-general, said yesterday. Back and Page 11

## Gormley defiant

BY CHRISTIAN TYLER, LABOUR EDITOR

THE MINERS' double assault on November settlement date be restored next year after a March 1 agreement.

The NUM wants to raise the rate of the top-paid coalface workers from £78.44 to £110 a day after TUC leaders declared themselves ready to reach a new understanding with the Government provided the counter-inflation strategy was translated into control of prices rather than wages.

Mr. Joe Gormley, NUM president, answered with a flat "no" the question whether the coming round of TUC-Government talks had any bearing on his union's negotiations with the National Coal Board.

He also said the board would be "bloody daft" if it repeated the line first taken by Ford Motor and told the union it was not a free agent at the bargaining table because of the 5 per cent limit.

The executive's decision, which was welcomed by the Left, was coupled with the threat of a national strike ballot if the NCB tried to close any more pits without the union's consent.

Mr. Gormley, who later repudiated the executive's decision to Sir Derek Ferra, NCB chairman, said the NUM was "fed of the 'charade' of unsuccessful protests about pit closures."

The executive was lobbied by men from the Nantawry colliery in South Wales which is threatened with closure. Other pits that the NCB wants to close are Granville in the Midlands, Teversal in Nottingham, Woodhorn in Northumberland and Walton in North Yorkshire.

An attempt by Mr. Arthur Scargill, president of the Yorkshire area of the union, to break the present wage agreement and bring the pay claim forward in November this year was ruled out of order by Mr. Gormley because the area resolution.

At Mr. Gormley's suggestion, Mr. Scargill then successfully moved that the traditional

£ in New York

	Oct. 11	Previous
1 month	\$1.890-950	\$1.855-950
3 months	0.45-0.75 up	0.52-0.47 up
6 months	1.42-1.24 up	1.36-1.20 up
12 months	5.29-5.00 up	5.88-5.79 up

ready for occupation in 18 MONTHS

135/141 Cannon St. London EC4

12,000 sq. ft. Self-contained office building to Let

**Vigers**

4 Frederick's Place, Old Jewry London, EC2R 8DA 01-606 7601

**GERALD ARCHER & CO.**

21 College Hill, Cannon Street, London EC4R 2RP 01-248 8225

## EUROPEAN NEWS

## Portugal resumes transfer of land to former owners

BY JIMMY BURNS

LISBON, Oct. 12.

The Portuguese Ministry of Agriculture has resumed the handing-back of expropriated land to its original owners, and yesterday ordered peasants to leave three Communist-controlled collectives in the southern grain-belt of the Alentejo. Tension has thus been brought back to Portugal's highly politicised agrarian sector by Government orders—enforced by truckloads of paramilitary police.

Although the police met no physical resistance, the atmosphere remains tense following a Communist Party (PCP) communiqué condemning the action, and statements from peasant leaders threatening to reoccupy the land.

In a sense, the Government action has come as no surprise. Ever since Sr. Alfredo Nobre da Costa was sworn in as the country's new Prime Minister at the end of August, there was always the possibility that his Government would play more than the stop-gap role expected by the political parties. Sr. da Costa himself always said he intended to implement major legislation which had been set aside by his predecessors.

The return of expropriated land to private ownership is backed by the Agrarian Reform Bill which was passed by a combined Socialist-Communist (PSD) Parliamentary vote in the summer of 1977.

More surprising, however, is the

fact that Sr. da Costa's administration has chosen to implement such a controversial law less than four weeks after having been reduced to a caretaker role—effectively, at least—by a Parliamentary vote of rejection. The use of police to supervise Government action also differs considerably from the strategy pursued by the previous administration, which preferred dialogue rather than the provocation of open confrontation in politically delicate sectors. Such a strategy, however, has always been condemned by more conservative observers, and led to the withdrawal of the Conservative Party (CDS) from its alliance in Government with the Socialists last July.

## Barcelona raises its fares

By David Gardner

BARCELONA, Oct. 12.

BARCELONA'S public transport will cost more from next month, the Spanish Interior Ministry has announced, following tense negotiations with the Mayor and Civil Governor of Barcelona, and Catalan political leaders.

The increases on underground train and bus fares will be 25 per cent, rather than 67 per cent rises which were scheduled to come into effect ten days ago. The rises were postponed after opposition from the region's main parties, trade unions and civic organisations.

Interior Ministry involvement in the negotiations indicates fears that the increases could lead to serious civil disorder.

Previous smaller increases caused two general strikes in Barcelona, and there are already plans to boycott public transport until the rises are withdrawn.

Barcelona is to be provided with Pta 2.5bn (£17.1m) to cover its public transport pay roll until the end of the year, but the Government has not taken over the city's chronic public transport deficit as had been hoped.

Estimates expect this year's shortfall to reach Pta 13.5bn equivalent to 68 per cent of the city's total budget. The city is now on the verge of bankruptcy with an accumulated transport deficit of nearly Pta 25bn.

The Mayor of Barcelona, Sr. Sotelo Humbert, has threatened to resign unless the Government takes over responsibility for the debt which both he and the main parties attribute to the mismanagement and corruption of previous administrations.

A 1,200-page auditor's report on the several private or mixed companies that run the city's transport on contract reveals irregularities, but no legal action has yet been taken.

## SPANISH RETAILING AND DISTRIBUTION

## Trouble ahead for the small shops

BY ROBERT GRAHAM IN MADRID

A STRIKING feature of Spanish towns and cities is the proliferation of small shops with similar displays of goods. It is also noticeable how many shopfronts have remained virtually unchanged since the day they were built. On one estimate, 70 per cent of all shops were built more than 10 years ago while 40 per cent date back more than 40 years.

Most are family-run operations with small turnover, limited profitability and little innovation. Their survival depends largely on low-paid family help, cheap fixed rent, the premises forming part of the home and the ingrained habits of their clients.

No one has ever claimed that Spain is a nation of shopkeepers but approximately 12 per cent of the active population, or 1.6m people, are currently employed in the retail trade and distribution, which accounts for just under 12 per cent of gross domestic product.

Despite the importance of the sector, little attention has been devoted to it, probably because its existence and operation have been taken for granted. Yet three successive years of high inflation and the gradual appearance of supermarkets, discount shops and department stores are now beginning to be felt. Goods in small shops have become expensive compared with those in modern retail outlets with their greater efficiency and economies of scale.

The "modern" sector accounts for only 5.5 per cent of total distribution and retail business, according to one trade estimate. Thus it would be premature to talk of the demise of the small shopkeeper. Yet he is ill-equipped to face up to changing circumstances. For instance, the smallness of most shops is an inhibition to greater efficiency.

A recent study found that over 80 per cent of retail and distribution outlets were under 150 square metres, while half had a floor space of less than 30 square metres. With such limited space, it is difficult to make improvements such as stocking a wider range of items or installation of larger refrigeration units.

This is to say nothing of attracting help when members of the family are seeking more remunerative jobs in other sectors. Meanwhile, basic tasks like adding up bills are done in painfully slow traditional arithmetic on pieces of paper.

So far the inroads by the modern sector are visible only in the larger towns and cities, in the form of increased conversion to supermarkets, the spread of chain stores in urban centres or the establishment of hypermarkets on the outskirts. Spain is now reckoned to have some 10 large supermarkets per million inhabitants against 17 per million in Italy, 50 per million in Britain and 72 per million in Belgium.

But while Spain is well behind the Common Market countries in the establishment of modern distribution, a great deal of money is being pumped into this sector, where investment occurs in a large scale. Thus the average size of supermarkets now going up is comparable with that of larger than those in the EEC countries. The average floor space for such establishments is 700 square metres against 590 square metres in the UK and 770

an annual average of 39 per cent to Pta 71bn (£490m). Although the real increase last year was less spectacular when measured against the 27 per cent annual inflation rate, over the five-year period sales and profits have kept well ahead of inflation.

El Corte Ingles reckons it now has one-third of modern distribution. It relies for its turnover mainly on clothing, which accounts for 47 per cent of sales. A further 23 per cent comes from household goods. More recently, foodstuffs have begun to figure more prominently.

This percentage breakdown of sales is also reflected in the other main chain stores. El Corte Ingles' success stems partly from the timing of its expansion, which enabled it to shape a largely uniform and willing market company executives also attribute its buoyancy to a consistent policy of high

the heavy advertising campaign conducted on billboards, in the Press and on TV.

The distribution trade believes that El Corte Ingles has benefited from the rivalry between it and its chief competitor, Galerías Preciados. So founders were from the Asturias region and emigrated at an early age to Cuba. Sr. Arce's Asturias at 14. Typical of the original El Corte Ingles in Madrid.

The success of these two stores makes it unlikely that other groups will be able to challenge them. Indeed, situations being devoted to hypermarkets which primarily sell food—household items appearing in a broader cross section of the range and which practices aggressively the principle of aggressive sales and low profit margins.

Some, for instance, come to the size of the Corte Ingles investment programme (Pta 1.5bn this year) and its staff overheads to put itself in a medium and upper-end market.

No one disputes the power of the distribution business. Spain and a number of other foreign groups are known to be interested in investing in the sector. But trade sources say are reluctant to commit themselves while the sector remains so depressed.

Another concern of policy investors is the high cost of domestic finance, coupled with the difficulties of securing quick purchase of goods either in or on the outskirts of cities. El Corte Ingles, for instance, took almost six years to buy a site in Saragossa, of the two towns in which it now has stores.

Against this background, small shopkeepers seem to be remarkably sanguine or at least ahead. Only 20 per cent are grouped into recognised associations and these are not effective in representing their interests.

Some observers see the potential of a shopkeepers' movement with political overtones, witnessed in France, but present evidence this is far from realistic. The small shopkeeper will have to be more harder before he begins to complain.

For admirers of traditional shopfront lettering—gold names on glass panels—probably more survives in Spain than in any West European country. But the little shops are now threatened by the big battalions with their greater efficiency and economies of scale.

square metres in France. The same applies to hypermarkets. The most dynamic growth in this sector has been achieved by the chain store group, El Corte Ingles. The group was founded by Sr. Ramon Arcees Rodriguez when he bought a small shop in Madrid of that name (which means "the length of English cloth") just before the civil war. In the past 15 years it has become a household name.

Its market has come from the money generated by the industrialisation of Spain, and it has catered essentially to the emerging middle class (and those aspiring to it), creating what might be dubbed as "the society of the Corte Ingles," with a range of household products and clothes clearly identifiable by their style and taste.

El Corte Ingles did not begin diversifying outside Madrid until 1962, but it now has stores operating or under construction in all the major urban centres. Between 1973 and 1977 total floor space increased at an annual average of 17 per cent to 383,000 square metres while sales during this time period at

staff remuneration, vigorous self-reliance, re-invested profits and high investment in modern technology (it claims to be IBM's biggest European chain store client).

Certainly, competitors say that El Corte Ingles pays above the odds both for staff and executives, who are encouraged to take shares in the company, all of which are held within the company.

More important, it has made itself the most integrated company in the field. The bulk of clothing in its stores comes from three textile companies on which El Corte Ingles directors are board members and in which they are main shareholders. These companies in turn are 90 per cent dependent for their sales on El Corte Ingles.

Most of the furniture for its stores comes from a company similarly linked.

In a different field, El Corte Ingles has its own advertising department, a virtual advertising agency within the company. The company's belief in its expanding market is indicated by

## Austrian tax revision expected

BY PAUL LENDVAY

VIENNA, Oct. 12.

THE AUSTRIAN Finance Minister, Dr. Hannes Androsch, is expected to announce major taxation changes this weekend which will also have an impact on the savings ratio.

In view of a record Budget deficit next year, the Socialist Government is being widely criticised by economic commentators for approving a "politically motivated" income tax reduction.

It will bring taxpayers only a monthly tax relief ranging from Sch 117 (about £4) to Sch 183 but will cost the Treasury Sch 3bn and the provincial governments an additional Sch 1.5bn.

The tax cut is motivated by the need to placate the unions and provide a proper psychological climate for a round of moderate wage rises.

As next year's Budget deficit must be reduced from Sch 60bn to Sch 50bn, Dr. Androsch has

already hinted at further restrictions of fiscally privileged savings schemes coupled with a rise of petrol tax, postal rates and other levies.

At present, the Government spends about Sch 5bn each year promoting savings. Despite previous promises, the regulations concerning bonds will be further tightened.

Each Austrian citizen could currently buy up to Sch 100,000 worth of Federal and public bonds per annum, with the State providing 10 per cent of the issue price on condition that the bonds will not be sold before maturity.

Until this year, the rebate was 15 per cent. Now the Government will reduce the rebate to 5 per cent or cut the permissible annual bond purchase from Sch 100,000 to Sch 50,000 per person.

The reason for the projected measure is fairly evident. A recent opinion poll showed that only 3 per cent of the average Austrian households possess such

fiscally privileged bonds. But 77 per cent own savings accounts and about one-third building society deposits.

The Government, at any rate for the time being, will not touch the building society deposits and premium savings accounts which cost the Treasury Sch 2.7bn and Sch 900m a year respectively.

The Budget deficit and debt servicing have clearly emerged as the main problems to be faced by the Government. The January-August balance of payments figures, published today, point to a big improvement.

The deficit on current account was only Sch 9.8bn against Sch 24.1bn during the same period last year. Thus, it is likely that the aggregate current account deficit this year will be only one-third of last year's level.

The visible trade deficit, according to the central bank figures, was down by 22.4 per cent to Sch 34.8bn in the first eight months compared to the same period last year.

## Fly the Big Orange to the Big Country.

The only daily 747 non-stop to Dallas-Fort Worth and South-Western U.S.A.

No other airline comes within sight of it. The only 747 non-stop daily service to America's South-west from Britain, the only non-stop service from London Gatwick to Dallas-Fort Worth.

**THE DALLAS-FORT WORTH GATEWAY**

Dallas-Fort Worth is the newest and most convenient gateway to America's Big Country. And from there, only Braniff offers direct connections to 20 cities throughout the Southwest, Far-West and Mid-West of the USA and Mexico. For example:

Leave London Gatwick 11.45am  
Arrive Dallas-Fort Worth 3.05pm

Houston 4.50pm  
Las Vegas 4.45pm  
San Antonio 4.47pm  
Oklahoma City 5.00pm  
Tulsa 5.10pm  
Denver 5.30pm  
Kansas City 6.40pm  
Mexico City 7.10pm

Leave Dallas-Fort Worth 6.45pm  
Arrive London Gatwick 9.15am

There is a helicopter link, or a ground link, free to Braniff passengers flying into Heathrow en route to Gatwick for the Braniff flight.

## FARES

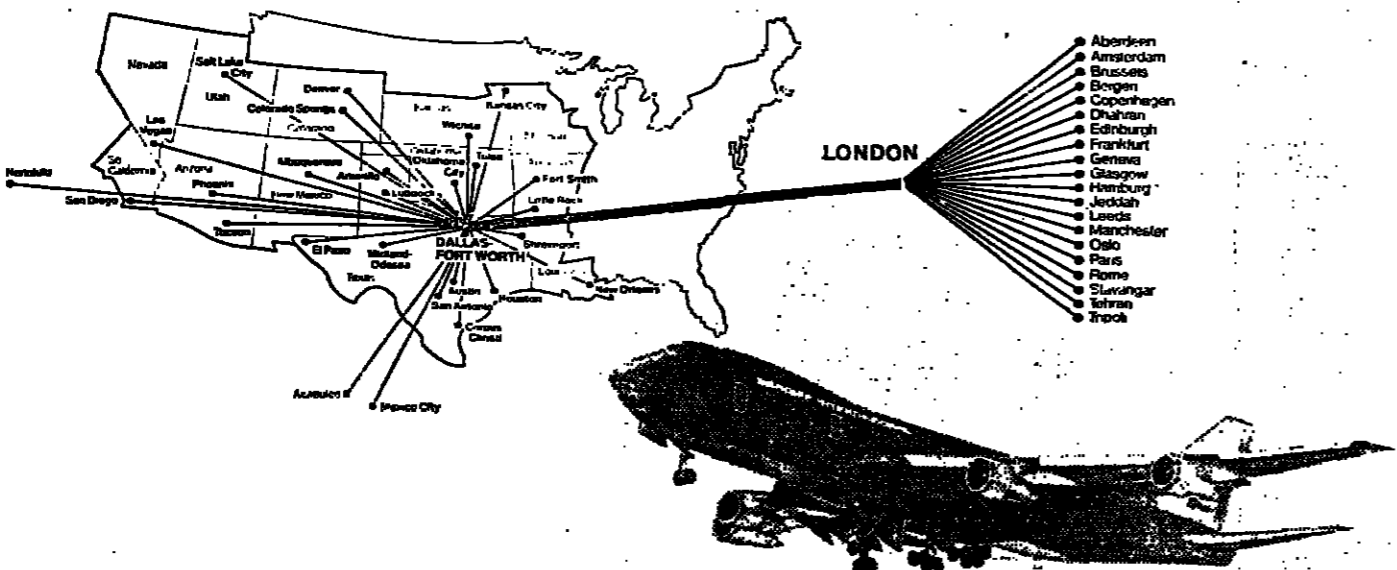
There is a wide range of low fares, including First Class, Economy, Advanced Purchase, Excursion, Budget and Stand-by. To Dallas-Fort Worth there are no lower fares than Braniff's.

**RESERVATION SERVICE**

For flight schedules and reservations (including seat assignment) call your travel agent or the Braniff reservations centre in London 01-491 4631.

Aberdeen  
Birmingham  
Edinburgh  
Glasgow  
Liverpool  
Manchester  
Sheffield

In these cities Dial 100 and ask Operator for Freefone 2276



**BRANIFF INTERNATIONAL**  
Mainland USA, Alaska, Hawaii, Mexico, South America and Europe.

## Many international companies have settled in the Tour Saifi in Brussels. For very sound reasons.



Mr. Luca Benini, Director of SIFI LOUISE S.A.

Is it usual for the owner of a building to be on the spot to manage it?

No. But we adopted this solution because it's better for our clients. They have someone right there in the building who can make decisions at any time. If there are any problems, they can be settled without wasting time.

For instance, if a client wants to modify his space or extend it, we can do it immediately.

So a company can adapt its offices as it grows?

No problem. The Tour Saifi was designed with this in mind. The floors are designed so that there is practically no limit to space flexibility. Offices can be adapted to changing needs, with maximum efficiency, wherever one is in the building. The Tour Saifi is functional. Functional problems were considered from the start, and that is why it succeeds aesthetically. Even from the outside you can see it is functional and effective.

Were these functional and aesthetic aspects the major decision points for your present clients?

Certainly. But other important factors played a part.

Location. Avenue Louise is at the same time a residential, intellectual and commercial quarter, as well as an important business centre. It is a sort of synthe-

sis of Brussels, the capital of Europe. There are excellent connections with all major roads, with motorways, and the airport.

There are first-class restaurants and hotels right near the tower.

Are the rents very high?

On this point, the Tour Saifi compares very favourably with other less sophisticated buildings.

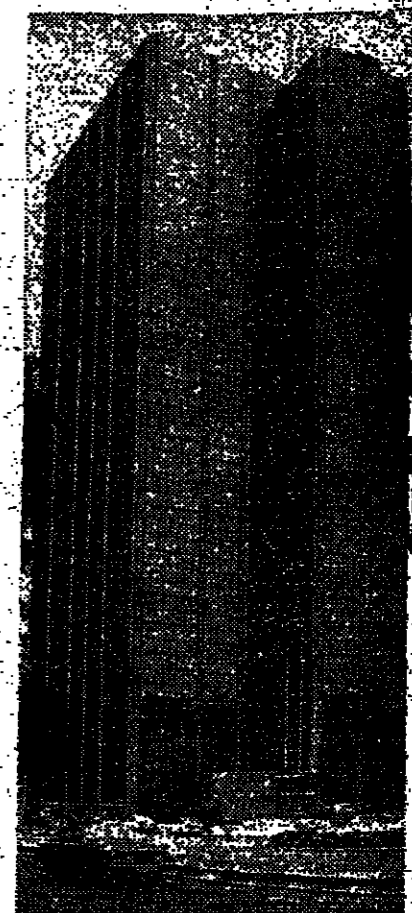
And the charges?

We've given a lot of attention to this problem. And we have a very rigorous management policy that allows charges to be reduced to the minimum. One example: comfort and security are controlled by a computer, and this means savings in time and staff.

We should also mention the basement parking area and the very pleasant restaurant and cafeteria. Which means the Tour Saifi really does offer complete service. Our clients can tell you about it better than I can.

Which are your most important clients?

They are all important: Fiat, Peugeot, Dow Chemical, Montedison, ICBWA, Avon Cosmetics, the Conference Board in Europe. I can't name them all here, but it can be said that 326 Avenue Louise has really become an international centre. Plus, we're planning a club for the tower's occupants: a prestigious meeting place in Europe's major business centre.



For more information, contact:

**Tour Saifi**  
Avenue Louise 326, Bte 3  
1050 BRUSSELS  
Telex 26227  
Telephone 32-2/647 0189

## Paris announces new banking and credit measures

BY ROBERT MAUTHNER

PARIS, Oct. 12.

THE FRENCH Government today announced a number of new banking and credit measures aimed at improving the capital structure of French banks and at laying the groundwork for the long-term phasing-out of the present strict credit control system.

While M. René Monory, the Economics Minister, made it clear that in the interests of curbing inflation, monetary and credit policy would remain restrictive in 1979, the latest measures do provide some scope for greater flexibility, especially for the small banks.

Next year, the norm for overall credit expansion has been brought down to 11 per cent from 12.5 per cent in 1978, but it will be reviewed every six months in the light of the investment needs of industry. On the other hand, a greater proportion of credits previously exempt from growth ceilings — medium-term export credits, some categories of housing loans, and credits for energy-saving equipment — will next year again be controlled.

The M2 money supply growth target, too, has been brought down to 11 per cent from 12 per cent, which is well below the latest official forecast of a 12.9 per cent increase in GNP in value terms in 1979.

M. Monory said that, because of the great diversity of the financial system, the freeing of money could not be controlled mainly by interest rates, as was the case in most other Western industrialised countries. Eventually, however, the Government's objective was to abolish the system of credit ceilings, known as the "encadrement", which has been increasingly criticised by both the nationalists and private banks.

The authorities' immediate aim for the financial sector was to stimulate competition, to reinforce the banks' capital structure, and to de-centralise the banking system.

With this in mind, banks which increased their capital would be permitted to expand their loans by 150 per cent of the amount of the capital increase, compared with 100 per cent at present.

The minimum level for banks' capital, which has remained unchanged since 1972, must be doubled by the end of 1982, and raised again by a further 50 per cent by the end of 1984. This measure, which is also applicable to foreign banks in France, will affect mainly the small establishments, since the capital of the large banks is already much greater than the legal minimum.

Recognising that the large banks have benefited disproportionately from the very fast recent expansion of credits which are not subject to controls, the authorities have taken the following steps to redress the balance:

Those banks whose credits subject to controls amount to less than FF 200m (about £23m) per year have been granted an increase in their ceilings of 4 per cent. Some 400 small financial establishments are estimated to be involved.

## Three share Nobel prize for medicine

By William Dulforce

STOCKHOLM, Oct. 12.

SWEDEN'S Karolinska Institute today awarded the 1978 Nobel Prize for Medicine jointly to Professor Werner Arber of Switzerland, Professor Daniel Nathans of the U.S. and Professor Hamilton Smith, also of the U.S., for the discovery of restriction enzymes and their application to molecular genetics.

This year's Nobel prizes are worth SKr 725,000 (£54,000). Restriction enzymes are the "molecular knives" which can be used to cut genes (DNA) into smaller fragments. Their discovery provided scientists with new tools for close chemical analysis of the mechanism of animal and human genes.

Even though the enzymes have been available only for a few years their application to genetics has already led to far-reaching results, according to the citation accompanying the award. They opened up new areas of research into heredity by allowing scientists to cut lengths of the genetic material DNA into fragments and splice them together again in different ways.

In medicine, increased knowledge of how genes function is helping in the treatment of hereditary diseases, cancer and malformations.

Professor Arber, 49, Professor of Microbiology at the University of Basel, discovered the restriction enzymes in the 1960s. Professor Hamilton Smith, 47, School of Medicine in Baltimore, verified Professor Arber's hypothesis and demonstrated that one particular enzyme cut DNA in the middle in a specific symmetrical sequence.

Professor Nathans, 50, who is also working at Johns Hopkins, pioneered the application of restriction enzymes to work on genetics. With their help he was the first to construct the complete genetic map of a small virus, and his method has since been used by other scientists to map increasingly complex threads of DNA structures.

Norwegian report backs nuclear power

By Fay Gjerstad

OSLO, Oct. 12.

NUCLEAR POWER stations could be built in Norway with out unacceptably high risks, according to a majority report by a Norwegian Royal Commission.

The Commission, which has conducted a two-year inquiry into the safety of nuclear power production, handed its report to Mr. Bjartmar Gjerde, Oil and Energy Minister today.

Three of the Commission's 21 members believe that the risks are not acceptable, but oppose nuclear power plants for Norway.

The report stimulates that before any such plants are built in Norway there must be firm agreement on the safe handling and disposal of radioactive waste. There must also be contingency plans to shut down plants safely.

The report admits that theft of radioactive waste, by terrorists or criminals, is a possibility which cannot be ignored.

AP-DJ reports: Norway reduced imports and increased exports for the fourth consecutive month in September, reducing the January-September foreign trade deficit by 34 per cent from the same period last year, the Central Bureau of Statistics reported Thursday.

Imports excluding ships amounted to Nkr 4,528m (\$306m) in September. Exports excluding ships were Nkr 3,877m (\$273m) and including ships Nkr 3,831m (\$268m). In September 1977, the corresponding figures were Nkr 4,922m (\$344m) for imports and Nkr 3,480m (\$248m) for exports excluding ships and Nkr 3,563m (\$252m) for exports including ships.

Swedes await new premier

By Our Own Correspondent

STOCKHOLM, Oct. 12.

THE SOCIAL Democrat opposition kept Sweden on tenterhooks today while its parliamentary group and party executive debated whether they should allow Mr. Ola Ullsten, the Liberal leader, to form a new Swedish Government. After five hours of discussion the Social Democrats were undecided.

Mr. Henry Almqvist, the Riksdag (parliament) Speaker, postponed an announcement but still hoped to be able to nominate Mr. Ullsten for the Premiership later this evening.

Opinion among Social Democrat MPs is divided on whether they should abstain from voting against Mr. Ullsten and let him form an all-Liberal Cabinet based on only 39 of the 349 Riksdag members. Their leader, Mr. Olof Palme, appeared to favour this course in comments to journalists yesterday.

The Social Democrats who favour supporting Mr. Ullsten argue that it must be done for the national good. Others fear the effect on party members if they help to bring a non-socialist to power.

The political crisis arises because the split in the non-socialist camp, first shown in the collapse last week of the ruling Centre Party-Liberal-Moderate (conservative) coalition, has widened.

## Belgian uncertainty after Tindemans' fall

BY GUY DE JONQUIERES

THE FALL of the coalition Government led by M. Leo Tindemans after less than 18 months in office has once again thrust Belgium into what could be an extended period of political uncertainty. New general elections may not be held immediately, since there is no guarantee that they would produce a clear-cut and stable majority.

King Baudouin, who wields considerable personal and constitutional authority, may deem it wiser to explore first whether a new government can be formed on the basis of the present parliament.

The King has already begun to take soundings among a wide spectrum of political leaders and party officials. He will no doubt be seeking to determine above all their attitudes towards the future of the far-reaching proposals for regional reform which provoked the rupture of the coalition.

His eventual decision will probably be strongly influenced by his judgment as to whether the programme could still win Parliamentary approval, whether efforts should be made to amend it or whether it should, perhaps, be temporarily shelved until the heat of the current crisis has passed.

The programme, hammered out during months of painstaking negotiations, is designed to respond to steadily growing tensions between Belgium's Flemish and Walloon populations by turning the country effectively into a federal state.

It provides for the abolition of the nine existing and largely defined provincial administrations and their replacement by three regions — Flanders, Wallonia and Brussels — and two linguistic communities, French and Dutch.

A number of the powers now exercised by the central government in Brussels would be turned over to newly-created community councils.

Pressures for the reform have come predominantly from the Walloons. Once in undisputed command of economic and political power in Belgium, they have been thrown increasingly on the defensive by what they see as a threatening rivalry from Flanders. Indeed, in some ways the previous balance between the two linguistic communities has been decisively reversed.

Not only are the Flemish now in the majority but they are more prosperous, with an average income per head about 15 per cent higher than the Walloons. Much of Belgium's recent industrial development has been concentrated in Flanders, with its easy access to the sea, while the economy

of landlocked Wallonia is heavily dependent on older industries like steel and coal, and the exodus from the city centre over the past decade has led to the establishment of small but politically significant communities of French speakers in the predominantly Flemish suburbs.

To many Walloons, regionalisation has appeared to offer the best line of defence against further Flemish encroachment.

Ever since talks on the programme got under way in earnest, it has been clear that the status of Brussels would be the most difficult point to resolve. The capital is situated just inside Flanders, but the overwhelming majority of its population is French-speaking.

More over, the city has been a centre of French-speaking Walloons since the past decade has led to the establishment of small but politically significant communities of French speakers in the predominantly Flemish suburbs.

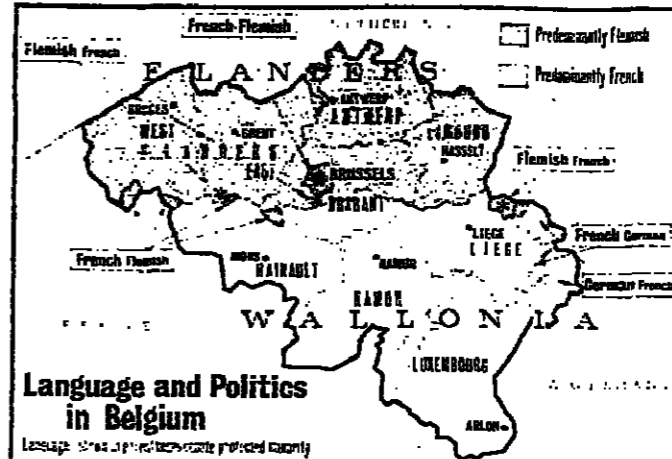
Leaders of the majority parties managed to strike a delicate compromise. It was agreed, despite reservations among the Flemings, that French speakers in about a dozen Flemish communities outside Brussels would be granted special privileges for a limited period. These would entitle them to be taxed, tried,

and Turkey after a lengthy period of frosty relations. Renewal of the dialogue between Ankara and Brussels follows the visit to the Commission last May by Mr. Bulent Ecevit, the Turkish Prime Minister. He stressed his government's desire to enlist European assistance in setting its deeply troubled economy to rights.

The total value of the Turkish plan is put at \$64bn, of which the Government hopes to finance \$30bn internally. Although the Community has not listed specific projects for which they are seeking finance, it is clear that the scope of their demands far exceeds funds available under the EEC association agreement.

The view in Brussels is that if the EEC were to provide additional funds, a large part would have to come from bank loans and bilateral aid given to Turkey by individual governments.

There is also talk of seeking contributions from non-EEC countries belonging to the Organisation for Economic Co-operation and Development.



Language and Politics in Belgium

Language status of the various provinces

## Turkish plan calls for \$15bn aid Italian output down 0.9%

BY OUR OWN CORRESPONDENT

BRUSSELS, Oct. 12.

BY DAN CONNELL

ROME, Oct. 12.

TURKEY HAS told the EEC that its ambitious economic development plan, due to go into effect next year, will call for external financing of \$15.4bn over five years. It hopes that more than \$8bn can be raised within Europe.

This emerged at the end of a three-day meeting in Brussels between officials of the EEC Commission and a delegation from Ankara. The talks were aimed at injecting new life into the 15-year-old association agreement between the Community

and Turkey after a lengthy period of frosty relations. Renewal of the dialogue between Ankara and Brussels follows the visit to the Commission last May by Mr. Bulent Ecevit, the Turkish Prime Minister. He stressed his government's desire to enlist European assistance in setting its deeply troubled economy to rights.

The total value of the Turkish plan is put at \$64bn, of which the Government hopes to finance \$30bn internally. Although the Community has not listed specific projects for which they are seeking finance, it is clear that the scope of their demands far exceeds funds available under the EEC association agreement.

The view in Brussels is that if the EEC were to provide additional funds, a large part would have to come from bank loans and bilateral aid given to Turkey by individual governments.

There is also talk of seeking contributions from non-EEC countries belonging to the Organisation for Economic Co-operation and Development.

THE SLUGGISH state of the Italian economy was underlined today by the publication of the latest industrial production figures showing that output in the first eight months of the year was down 0.9 per cent on the corresponding period of 1977.

Statistics do provide further evidence, however, that a modest recovery may be taking place. As the National Statistics Institute emphasised, the rise of 1.7 per cent for the holiday month of August alone must be treated very warily.

But the picture to emerge this year is of a gentle but sustained upturn in output, from a point over four per cent below 1977 in the first quarter, the sectors to register improvement were chemicals, metals and foodstuffs.

The August trade returns, issued this week, showed a surplus of L345bn (£210m), compared with a deficit of L377m (£230m) in July. For the first eight months of the year, Italy's overall deficit shrank to only L203bn (£126m) from L1,737bn (£1,086m) in the same period of 1977.

## PHILIPS



Invest in a new Philips dictation system with the unique 'mark and find' facility.

The new Philips dictation system saves office time wasted playing hide 'n' seek. Going backwards and forwards in search of the right dictation passage. And when you save time, you cut the cost of correspondence.

The new system operates in conjunction with the amazing Mini-cassette 2. The first cassette that allows you to make 'place marks' for instruction and indexing purposes.

With the touch of a button on your microphone, you can make 'place marks' while you dictate, to guide your secretary.

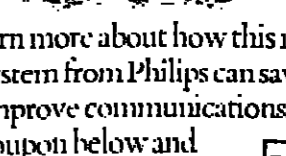
A special strip on both sides of the cassette records these marks visibly in two separate rows: one to index dictation passages, the other to identify instructions. So there's no need to add hand-written notes.

As the marks are made, special tones are simultaneously recorded on the tape. The new machines can recognise and locate these tones quickly and accurately, to save time searching for the right place.

The Mini-cassette 2 can be wiped clean of its marks and re-used indefinitely. It is compatible with the whole range of Philips Mini-cassette equipment.

including the pocket memos. And the latest desk top range (the new 302 and 303 dictation/transcription machines and the 304 transcriber) will operate the 'mark and find' facility.

To learn more about how this new dictation system from Philips can save office time and improve communications, just fill in the coupon below and post today.



Simply years ahead.

Name

Address

Please tell me more about your new dictation system.

mini-cassette 2

VISUAL MARK &amp; FIND

Post to: Philips, Department S.P., P.O. Box 3, Horley, Surrey.

FTWS

Incentives no government can offer.

SWINDON

Incentives no government can offer.

SWINDON

Incentives no government can offer.

SWINDON

Incentives no government can offer.

SWINDON

Incentives no government can offer.

SWINDON

Incentives no government can offer.

SWINDON

Incentives no government can offer.

SWINDON

Incentives no government can offer.

SWINDON

Incentives no government can offer.

SWINDON



## WORLD TRADE NEWS

## W. Germany expects rising surplus with GDR

BY LESLIE COLLITT

BERLIN, Oct. 12.

EAST GERMANY'S trade deficit with West Germany this year is expected to be larger than at any time in recent years according to the West German Office which supervises trade with East Germany.

West Germany's trade surplus with the German Democratic Republic last year was DM 500m and its cumulative trade surplus with East Germany rose to DM 3.2bn at the end of June.

Dr. Franz Rosch, head of the West German Economic Ministries Inter-Zonal Trade Office in West Berlin says trade between the two Germanies will "exceed DM 9bn this year up from last year's DM 8.7bn."

As a result the East Germans find it difficult to accept orders from West German companies for special machinery as the would interrupt the large volume production for the Soviet Union.

"It is easier for them to meet their annual planned targets by turning out one type of machine flat out and this outweighs even their need for hard currency," Dr. Rosch notes.

The West German official says he does not believe East Germany will be able to fulfil the targets it originally set for exports to West Germany. He

notes that East Germany's terms of trade with the Soviet Union have continued to worsen and that a larger quantity of exports is required to pay for a fixed amount of oil and natural gas from the Soviet Union.

East Germany currently pays about 80 per cent of the world market price for the oil and gas it imports from the Soviet Union.

East German factories, he says, are turning down orders from West Germany for machine tools because their production is mainly geared towards exports to the Soviet Union involving huge quantities of a limited range of machines.

As a result the East Germans find it difficult to accept orders from West German companies for special machinery as the would interrupt the large volume production for the Soviet Union.

"It is easier for them to meet their annual planned targets by turning out one type of machine flat out and this outweighs even their need for hard currency," Dr. Rosch notes.

The West German official says he does not believe East Germany will be able to fulfil the targets it originally set for exports to West Germany. He

## New 747 order by Cathay

By Ron Richardson

HONG KONG, Oct. 12.

CATHAY PACIFIC Airways, which is 60 per cent owned by Swire Pacific, has placed a series of orders and options for five more Boeing 747 commercial airliners.

The airline, which is due to take delivery of its first 747 next July, has confirmed its option on a second aircraft for delivery in May 1980, moved forward a third option to September 1980, and placed three more options on 747-200B variants for delivery in 1981 and 1982.

If all options are exercised, the value of the total Boeing order would be more than HK\$1.8bn (£190m). All the aircraft ordered or taken on option are to be powered by Rolls-Royce RB211-524B engines, similar to those already powering its seven Lockheed Super Tristars.

Hong Kong and China today threatened with closure since the transport system has also been affected by the floods.

Special charter flights, which will operate twice daily, will be taking Western businessmen up to Canton for the autumn trade fair there.

Today's inaugural Trident flight from Canton carried a 27-man party of Chinese officials, who were met by top Hong Kong Government and civil aviation representatives.

Another transport link is due to be forged next month with the opening of a ferry service from here to Canton using British-made hovercraft.

## RSV wins Algerian orders for power and gas industry plant

BY CHARLES BATCHELOR

AMSTERDAM, Oct. 12.

DUTCH SHIPBUILDER Rijn-Scheide-Versluis (RSV), has won three orders worth a total of £114m (£28m) for power and gas-related equipment from the Algerian state company Sonatrach.

It is also discussing further projects in this field and the possible delivery of tankers to carry liquefied natural gas to Holland.

The orders which have just been placed with the RSV subsidiary, Thomassen Holland, are for the turnkey delivery of an electricity power station with 140 kW of high tension overhead cable and five sub-stations, three gas turbine compressors for use

in gas processing plant at Hassi Messaoud and Rhourde el Bagel, and the turnkey delivery of two gas compressor stations for gas injection to increase oil production.

The company also disclosed that India has asked the Dutch shipbuilder to tender for an undischarged number of submarines for its navy.

The Indian Government has also approached shipbuilders in West Germany, Sweden, Italy and France.

The Dutch Government has been told of the Indian request since the export of military or strategic equipment is subject to the approval of parliament.

## India hopes for rise in textile quota

By K. K. Sharma

NEW DELHI, Oct. 12.

TEXTILE quotas for India are expected to be raised 10 per cent by the EEC following talks with Indian Commerce Minister, Mr. Mohan Dharia.

Quotas were raised for some piece-goods after prolonged talks last year and a further increase will benefit the garments industry, which is facing a problem of surplus capacity.

The industry is particularly affected by the U.S. quotas despite their relaxation under the generalised system of preferences but it has been worried by the trend towards protectionism in Europe.

Portugal seeks export boost

By Jimmy Burns

LISBON, Oct. 12.

SOME 600 potential buyers from over 20 countries are expected to attend a three-day textiles fair beginning here tomorrow.

The fair, organised by the Fundo de Fomento de Exportacao, the country's major export/import promotion institute, aims to draw orders particularly from Britain, West Germany and France and thus give the country's depressed textile industry its second major boost in less than a month.

In September, Portex, the annual textile fair held in Oporto, northern Portugal drew £5 bn worth of orders from 28 countries.

## Austrian deficit narrows

BY PAUL LENDVAY

VIENNA, Oct. 12.

THE AUSTRIAN balance of trade figures for the first eight months of this year show a significant improvement. This is compared to the same fourth a partly a result of the government's squeeze affecting durable consumer goods.

According to the reports just issued by the Central Office for Statistics, imports during the January-August period were down by 0.3 per cent to Sch. 149.5bn (£5.3bn) compared to the same period last year.

The result in August showed an increase in exports of 2.5 per cent to Sch. 13bn while the import bill was down by 2.6 per cent to Sch. 12.5bn.

The good export performance is taken by the Arbeiter Zeitung, the ruling Socialist Party's central organ, as a proof that the exchange rate policy of a "hard Schilling" has on the whole been successful.

Meanwhile, the other main competitor for the Stafford deck export order in Norway's history, the Norwegian Aker group, has complained that it was not given an opportunity to submit a revised bid for the job, after being informed by the framework agreement between the Stafford group that its first bid was too high.

Aker had hoped to build the concluded last April, provided that it was an important employer in a mineral, providing the U.S. Energy Department gave the green light before the end of this year for natural gas imports from Iran.

The Americans have not yet made up their minds, however, and in the meantime Kvaerner's Moss Rosenberg shipbuilding subsidiary, which was to have built the facility, has been awarded a major North Sea contract which will employ most of its capacity until about mid-1981.

This is the main order, worth Nkr 1.6bn, to build and assemble the steel deck for the second concrete production platform on the Anglo-Norwegian Statfjord oil and gas field.

In a comment today, Kvaerner president, Carl Ratjer, said the group still hoped to be able to build the Iranian terminal some time in the future, but the whole contract would have to be renegotiated.

Meanwhile, the other main competitor for the Stafford deck export order in Norway's history, the Norwegian Aker group, has complained that it was not given an opportunity to submit a revised bid for the job, after being informed by the framework agreement between the Stafford group that its first bid was too high.

Aker had hoped to build the concluded last April, provided that it was an important employer in a mineral, providing the U.S. Energy Department gave the green light before the end of this year for natural gas imports from Iran.

The Americans have not yet made up their minds, however, and in the meantime Kvaerner's Moss Rosenberg shipbuilding subsidiary, which was to have built the facility, has been awarded a major North Sea contract which will employ most of its capacity until about mid-1981.

This is the main order, worth Nkr 1.6bn, to build and assemble the steel deck for the second concrete production platform on the Anglo-Norwegian Statfjord oil and gas field.

In a comment today, Kvaerner president, Carl Ratjer, said the group still hoped to be able to build the Iranian terminal some time in the future, but the whole contract would have to be renegotiated.

Meanwhile, the other main competitor for the Stafford deck export order in Norway's history, the Norwegian Aker group, has complained that it was not given an opportunity to submit a revised bid for the job, after being informed by the framework agreement between the Stafford group that its first bid was too high.

Aker had hoped to build the concluded last April, provided that it was an important employer in a mineral, providing the U.S. Energy Department gave the green light before the end of this year for natural gas imports from Iran.

The Americans have not yet made up their minds, however, and in the meantime Kvaerner's Moss Rosenberg shipbuilding subsidiary, which was to have built the facility, has been awarded a major North Sea contract which will employ most of its capacity until about mid-1981.

This is the main order, worth Nkr 1.6bn, to build and assemble the steel deck for the second concrete production platform on the Anglo-Norwegian Statfjord oil and gas field.

In a comment today, Kvaerner president, Carl Ratjer, said the group still hoped to be able to build the Iranian terminal some time in the future, but the whole contract would have to be renegotiated.

Meanwhile, the other main competitor for the Stafford deck export order in Norway's history, the Norwegian Aker group, has complained that it was not given an opportunity to submit a revised bid for the job, after being informed by the framework agreement between the Stafford group that its first bid was too high.

## Kvaerner shelves Iran gas terminal contract

BY FAY GJESTER

OSLO, Oct. 12.

NORWAY'S KVAERNER group has shelved, at least for the time being, plans to build a Nkr 400m (£400m) floating gas terminal for Iran. The contract, on which Kvaerner has been working for over three years, would have been the largest single industrial export order in Norway's history.

In a letter to the Iranian authorities, the group says it can no longer go ahead with the project on the original terms. A framework agreement between the Stafford group that its first bid was too high.

Aker had hoped to build the concluded last April, provided that it was an important employer in a mineral, providing the U.S. Energy Department gave the green light before the end of this year for natural gas imports from Iran.

The Americans have not yet made up their minds, however, and in the meantime Kvaerner's Moss Rosenberg shipbuilding subsidiary, which was to have built the facility, has been awarded a major North Sea contract which will employ most of its capacity until about mid-1981.

This is the main order, worth Nkr 1.6bn, to build and assemble the steel deck for the second concrete production platform on the Anglo-Norwegian Statfjord oil and gas field.

In a comment today, Kvaerner president, Carl Ratjer, said the group still hoped to be able to build the Iranian terminal some time in the future, but the whole contract would have to be renegotiated.

Meanwhile, the other main competitor for the Stafford deck export order in Norway's history, the Norwegian Aker group, has complained that it was not given an opportunity to submit a revised bid for the job, after being informed by the framework agreement between the Stafford group that its first bid was too high.

Aker had hoped to build the concluded last April, provided that it was an important employer in a mineral, providing the U.S. Energy Department gave the green light before the end of this year for natural gas imports from Iran.

The Americans have not yet made up their minds, however, and in the meantime Kvaerner's Moss Rosenberg shipbuilding subsidiary, which was to have built the facility, has been awarded a major North Sea contract which will employ most of its capacity until about mid-1981.

This is the main order, worth Nkr 1.6bn, to build and assemble the steel deck for the second concrete production platform on the Anglo-Norwegian Statfjord oil and gas field.

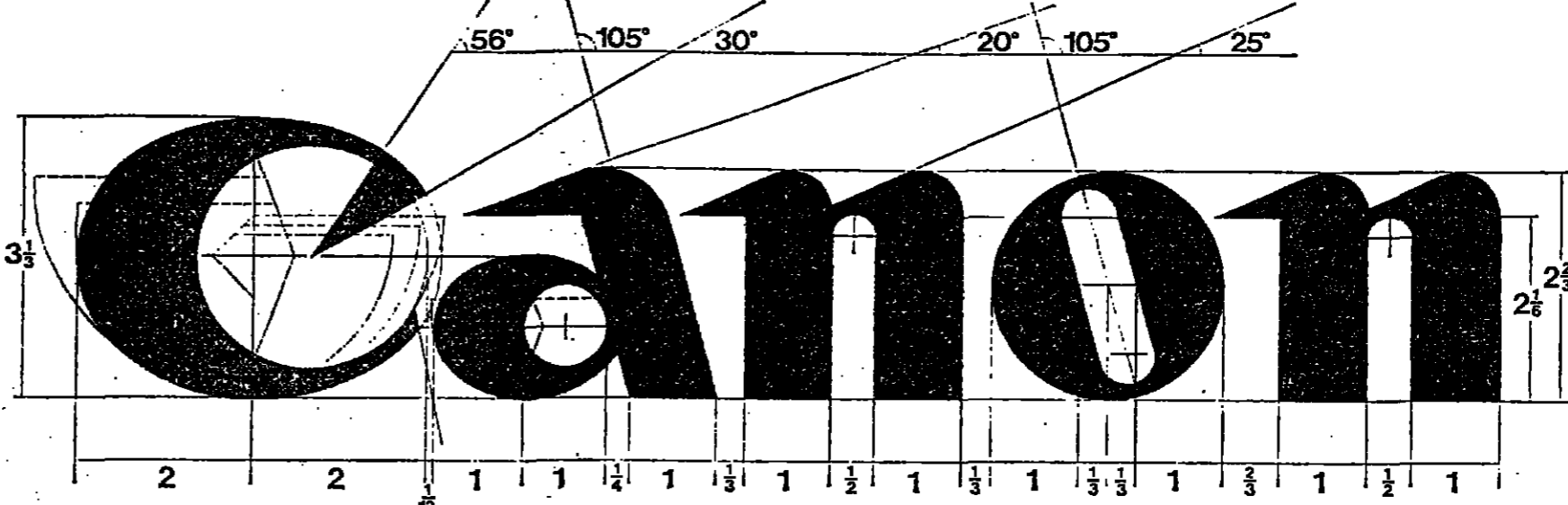
In a comment today, Kvaerner president, Carl Ratjer, said the group still hoped to be able to build the Iranian terminal some time in the future, but the whole contract would have to be renegotiated.

Meanwhile, the other main competitor for the Stafford deck export order in Norway's history, the Norwegian Aker group, has complained that it was not given an opportunity to submit a revised bid for the job, after being informed by the framework agreement between the Stafford group that its first bid was too high.

Aker had hoped to build the concluded last April, provided that it was an important employer in a mineral, providing the U.S. Energy Department gave the green light before the end of this year for natural gas imports from Iran.

The Americans have not yet made up their minds, however, and in the meantime Kvaerner's Moss Rosenberg shipbuilding subsidiary, which was to have built the facility, has been awarded a major North Sea contract which will employ most of its capacity until about mid-1981.

This is the main order, worth Nkr 1.6bn, to build and assemble the steel deck for the second concrete production platform on the Anglo-Norwegian Statfjord oil and gas field.



## Because we make, sell and service our own copiers we're very careful about our image.

You can take the sharp, clear image of our copiers for granted. Like our cameras.

Every one combines precision-made Canon lenses with a patented 'New Process,' 50 times more light sensitive than most other systems. And gives you the best plain paper copies in the business.

When selling and servicing copiers direct, clarity and reliability are particularly important. Any come-back and the buck stops with us.

Take the Canon NP5000. Reproduction is superb: you'll have to look hard to distinguish the copy from the original.

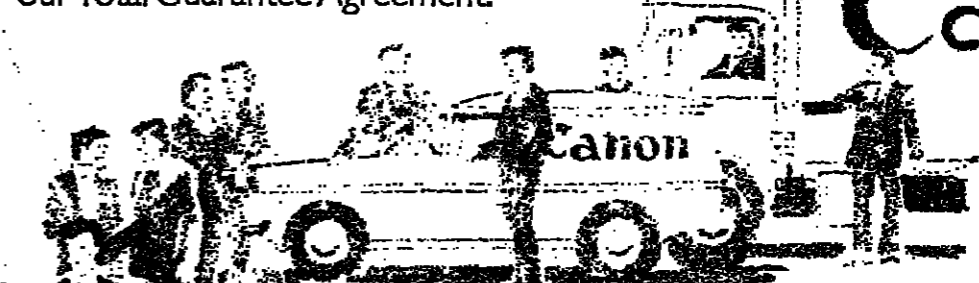
The NP5000 also copies photographs.

Allows pushbutton selection of different paper sizes.

Delivers up to 22 copies a minute. And effectively reduces the chances of jamming by having a very short paper path

and fewer moving parts.

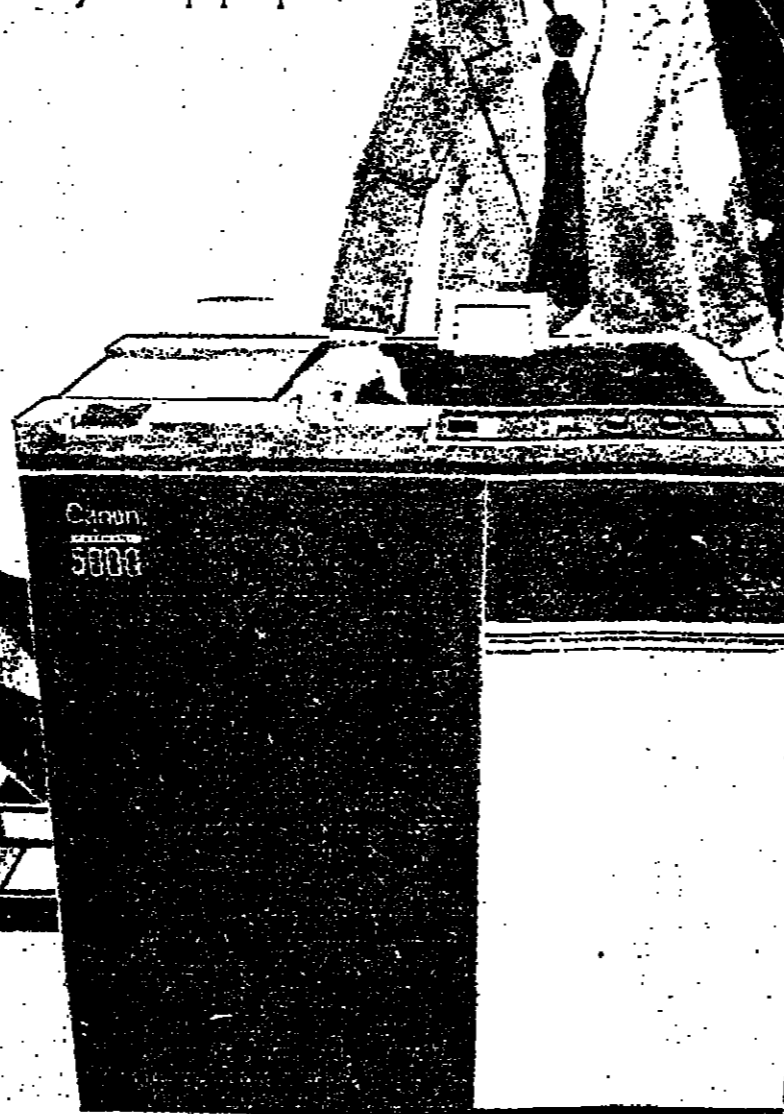
As companies come in lots of different sizes, so do our copiers. We have seven models: all covered by a really comprehensive warranty we call our Total Guarantee Agreement.



It took Canon fifteen years to perfect the 'New Process.' Time well spent.

Because every time your company sends someone a photocopy, you're judged by its quality.

And that's why our image is so important to yours.



To: Canon Business Machines (UK) Limited, Sunley House, Bedford Park, Croydon CRO 0XF. Please send me details of the Canon plain paper copiers.

- ☐ NP50 Desk-top. For copies in a variety of sizes from A5 to B4 (10" x 14" approx.) 800 - 3500 copies per month.\*
- ☐ NP42 For fast copying of originals up to 18" x 24" at a fraction of the cost of other large-copy methods.
- ☐ NP5000 For general office use—especially where high volumes are involved. 4000 plus copies per month.\*
- ☐ NP70 For small to medium users—a compact sized copier that can print as large as A3. Superb reproducing photographs. 3000 - 17000 copies per month.\*
- ☐ NP75 For automatic document feed—produces at 30 per minute and automatically collates them in the same order as the originals. 5000 - 30000 copies per month.\*
- ☐ NP5500 For 1:1 copying and reduction of A3 originals onto B4 or A4 paper; for example, 6000 plus copies per month.
- ☐ NP77 For efficient, desk-top reduction copying. Besides 1:1 copying it reduces A3 originals on to A4 paper. 3000 - 17000 copies per month.\*

NAME \_\_\_\_\_  
POSITION \_\_\_\_\_  
COMPANY \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
POST CODE \_\_\_\_\_ TELEPHONE \_\_\_\_\_

**Canon**  
The next step forward in copiers  
calculators and microfilm

For the name of your local Canon Business Machine Dealer including Belfast, Jersey and Guernsey phone 01-5801966.

REGIONAL CANON BUSINESS CENTRES: BIRMINGHAM 021-4545481, BRISTOL 0272-282951, CARDIFF 0222-282955, GLASGOW 041-2234912, SHEFFIELD 074-34567, LIVERPOOL 051-2343632, LONDON 01-4627606, MANCHESTER 061-2251822.

## HOME NEWS

RAY PERMAN sets the scene for this month's Berwick and East Lothian by-election

## Each party waits for outcome of close battle

THE ABSENCE of a general election or a referendum on devolution in Scotland this autumn is likely to lead the Berwick and East Lothian by-election on October 26 with a significance in importance in the normal run of political contests.

The result will be keenly awaited by all parties, not merely because the seat is a labour-held marginal and therefore could quite possibly fall to the Conservatives. It will also come right at the beginning of a new parliamentary session in which the Government will be living from day to day.

Scottish Nationalists particularly will be looking to the result with interest. The seat is not one they can hope to win. Their showing in October 1974 was significantly worse than in similar rural areas of Scotland.

### Slim majority

But the 11 SNP MPs are divided over whether they should support the Government during the coming session or help the Conservatives force Mr. Callaghan to go to the country and the performance of their candidate could give a valuable guide to how the SNP vote in other areas would hold up if it were put to the test in a general election.

Labour, too, will want to see how its support stands. Recent Scottish opinion polls have given the Party a steadily increasing lead over the Conservatives and the SNP. Labour last month was said to have 52 per cent support against 24 per cent for the Tories, 15 per cent for the SNP and 3 per cent for the Liberals.

There has been no election in Scotland, however, since the Hamilton contest in June, so party leaders are anxious to see how these findings stand up to real voting figures.

Berwick and East Lothian was made vacant by the death of Professor John Mackintosh. He carved himself a slim majority out of an area which on paper should be solidly Tory by maintaining a ruggedly independent stance on the right of the Labour Party.

There are a few small towns on the outskirts of Edinburgh in the north of the constituency where the closure of old pits has left the coal mining industry much reduced in size. From

### Opinion polls

The SNP has decided to make a fight of the election by replacing the prospective candidate with a stronger contender, Miss Isobel Lindsay, 34, a seasoned political campaigner. She is vice-chairman in charge of policy formation, and a leading Scottish Nationalist.

Liberal candidate will be Mr. Tam Glen. The seat borders that of Mr. David Steel at Roxburgh, Selkirk and Peebles, but the Liberal candidate came fourth last time with only 2,511 votes.

The evidence of recent opinion polls suggests that Liberal and SNP votes will fall, but where they go to could decide the outcome between the two main parties.

October, 1974: J. P. Mackintosh (Lab.), 20,682; M. Ancrum (C.), 17,942; R. Macleod (SNP), 6,323; C. F. Lawson (L.), 2,511. Labour majority, 2,740.

## Council considers bid for redundant docks

BY OUR LIVERPOOL CORRESPONDENT

A MEETING of Merseyside County Council's Policy, Planning and Resources Committee has been called for this afternoon to consider making a bid for the 230-acre redundant South Docks at Liverpool.

The Mersey Docks and Harbour Company closed the South Docks in 1972 as an economy measure as trade moved to the north end of the port, and since then there has been considerable deterioration at the site.

Several private development schemes have been put forward, and two are now under consideration. One is a 20m trade centre on the Albert and Canning Docks site, and the other a £11m plan to turn part of the docks near the Pier Head into a shopping and recreation complex.

## Insurance group sets up company in Guernsey

IN ITS first move into the overseas field, the National Employers' Life Insurance group has set up a Guernsey-based subsidiary, NEL International, to write Channel Islands business and provide a base for international marketing operations.

Locally, the company is marketing a full range of life insurance, assurance, health insurance and mortgage protection schemes. It is issuing Channel Islands policies based on a Guernsey life fund and subject only to Guernsey legislation.

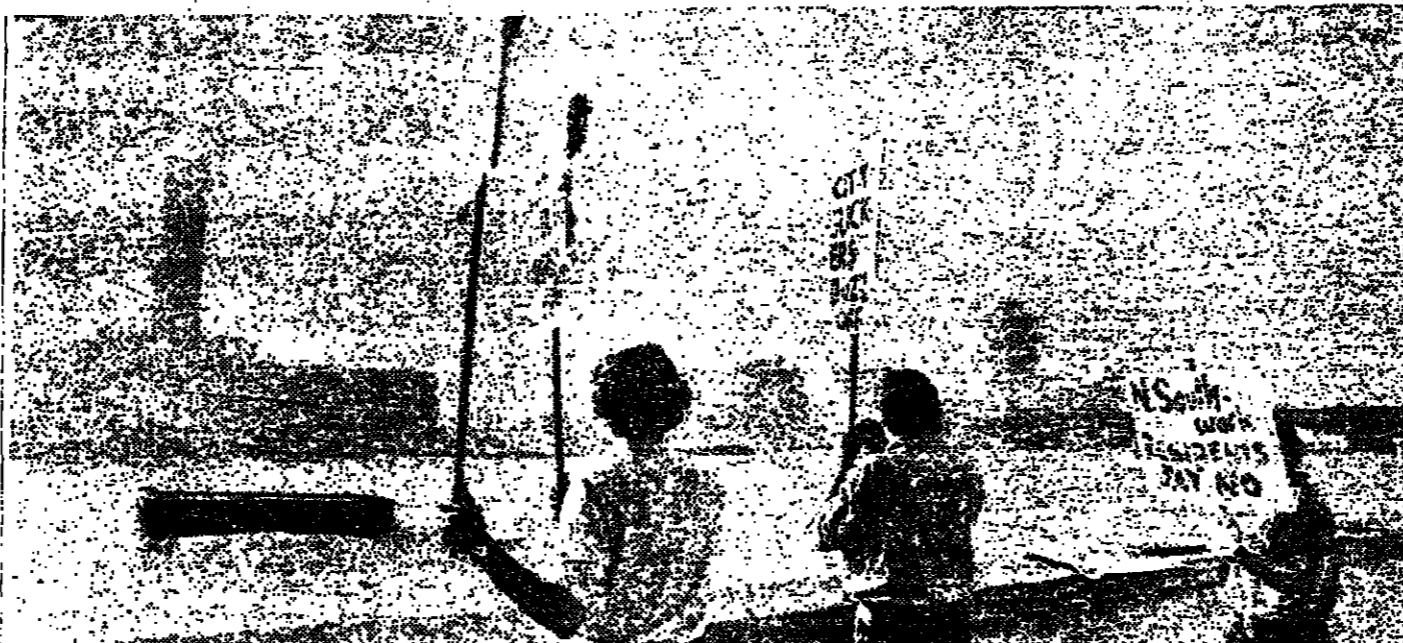
A range of contracts is to be launched soon for expatriates working round the world. NEL International has a fully paid-up capital of £100,000. Its offices are at St. Julian's Court, St. Peter Port, Guernsey.

## Help for aged scheme starts with £32,000

SECONDARY SCHOOL students who give practical help to elderly and disabled people are to be supported by a £32,000 Government grant. Mr. Alfred Morris, Minister for the Disabled, said yesterday when he visited Salford, where the new project will be based.

Mr. Morris said it was inspired by work done at Walkden High School, Salford, which he visited last year.

He said the aims of the project, called School Concern, were to give practical help to people in special need and children a better understanding of, and sympathy with, the problems of the disabled.



PLANS for a helicopter landing pad on the River Thames near St. Paul's Cathedral were greeted with protests yesterday from Southwark residents on the south bank and nearby business houses.

The British Helicopter Advisory Board wants to use a floating terminal off Trig Lane Stairs in the City for up to 3,000 flights a year. It has applied to the Greater London Council for planning permission and is trying to interest the Metropolitan Police in using the terminus for police helicopters.

The Corporation of London, which was asked by the Council to watch two test landings yesterday, said that the base could turn into an "executive maid for businessmen in a hurry."

The proposals will be debated by the Corporation's planning and communications committee on October 24 and then submitted to the Court of Common Council before

passing to the GLC for a final decision.

Permission for regular helicopter landings within the City may raise further protests from business quarters. LEP Transport, which has offices adjacent to Trig Lane Stairs, said that it did not want helicopters hovering nearby. And Southwark residents made their feelings clear with posters which read: "City slickers buzz-off."

Lynton McLain

## Recession in West Midlands office market 'could end soon'

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

THE FOUR-YEAR recession in the West Midlands office market could soon be over. In a review of the region published today, surveyors Elliott Jones Martin show that there are 2.7m sq ft of offices empty in the West Midlands County Council area.

But in the commercial centres of Birmingham and Edgbaston the surveyors say that "there may be an acute shortage of office space within two years."

About 30 per cent of the empty office space was in old buildings of the remaining 1.94m sq ft of modern units, last year's 855,000 sq ft of lettings over the region

represented a 31 per cent take-up rate.

As rents outside the main commercial centres averaged between £1.75 and £2.25 a sq ft it was still uneconomic to start developments and, with no new space coming on to the market, this take-up rate suggests that the over-supply was likely to be absorbed by the early 1980s.

### Rents

In the central areas of Birmingham there was likely to be a shortage of modern offices far sooner. There was only 351,000 sq ft of modern office space available in central Birmingham

less than 10 per cent of the total office content.

Last year's 150,000 sq ft of lettings in the city represented a 56 per cent take-up rate. In the commercial heart of the city, between New Street and Corporation Street, there were just 18,000 sq ft of offices standing empty, and rents of up to 55 a sq ft reflected the pressure for accommodation.

Comments about an office oversupply in the West Midlands took no account of growing shortages of space in prime areas. There would be an "acute" space famine in certain areas by 1980.

## Insurance company is sued

By John Moore

THE HOME Insurance Company of New York is being sued by three other insurance companies over reinsurance agreements.

Two writs have been issued, the first by the Highlands Insurance Company of Houston, Texas, and the second by the London and Edinburgh General Insurance Company and the American Home Assurance Company, for unpaid reinsurance claims of more than £100,000.

The Highlands Insurance Company says that it has paid out £100,000 since January 1974, but although the Home Insurance Company has settled claims due under the terms of reinsurance until the third quarter of 1977, it has not paid up for the fourth quarter of 1977, or the first quarter of 1978.

Highlands' claim was £94,180, while London and Edinburgh and American Home claim £94,000 and £94,000, and £94,000 and £94,000.

The main difficulty appears to be financial, because the asking price would probably be above £7m. At Sir Kenneth's insistence, the County Council will indicate the options open to the Council, including possible purchase.

The main difficulty appears to be financial, because the asking price would probably be above £7m. At Sir Kenneth's insistence, the County Council will indicate the options open to the Council, including possible purchase.

### Fewer foreign arrivals in January-July

ARRIVALS of foreign nationals in the UK during the first seven months of this year, at 5,89m, were one per cent lower than in the same period of last year, say the Department of Trade in a joint statement with the British Tourist Authority.

The figures relate to Home Office returns of arrivals of nationals of foreign countries, except the Irish Republic and the Commonwealth, which are shown irrespective of purpose of visit or length of stay.

Continued to fall by one per cent in July to 917,000 from 927,000 in June. For the first seven months was three per cent lower than a year earlier.

The steady increase in arrivals of U.S. citizens continued in July. The total for the seven months, at 1,078,000, was nine per cent higher than in the same period of last year.

### New moneyshop

BOSTON TRUST and Savings has set up a new moneyshop in Scotland. It is at 5 St. Andrews Square, Edinburgh, and is the company's 16th in the UK.

## More using private medical insurance

BY ERIC SHORT

MORE PEOPLE are making use of medical insurance to cover the cost of private hospital and medical treatment, according to figures released yesterday by Private Patients' Plan, the medical insurance organisation in the UK.

The company reports a record number of subscribers at the end of last month, amounting to 214,771, compared with the previous record number of 213,416 achieved in May 1975. Thus the decline in membership experienced in 1975 and 1976 has been completely reversed.

The most noticeable feature of the Plan's figures is the increase in the number of individual subscribers over the last three months from 121,385 to 121,924 at the end of last month. Although the increase is small, this is the first year not to show a decline since the early 1970s.

Mr. David Lock, chief executive of the company, said that it was too early to forecast an end to the decline in individual membership, but the figures were an encouraging sign.

The chief growth in membership still comes from group schemes, either through new schemes being established, in spite of the pay policy restrictions, or by existing schemes extending the coverage. The number of group subscribers rose by more than 4,000 in the third quarter to 92,847.

Mr. Lock said that companies which previously covered only top executives for medical insurance now included staff down to junior management level. More interest was being shown in covering all employees.

TEN COLOUR televisions with the new Post Office Prestel telephone-linked videodata information facility have been installed at some hotels in Birmingham for the pre-motor show period from Sunday to next Thursday.

Mr. Huang Hua plans student trips to UK

BY COLINA MacDOUGALL

MR. HUANG HUA, the Chinese Foreign Minister on a four-day official visit to London, yesterday called on the British Council. He discussed China's plans for sending students to Britain with the chairman, Sir Charles Troughton, and other officials.

The talks were of a general nature, but he expressed particular interest in raising academic levels in China. A British Council senior delegation is to visit Peking within a month or so to try to establish which Chinese standards equate with British requirements for

higher education. This has not been necessary before as all Chinese studying in Britain were graduates.

However, during the recent visit to China by Mrs. Shirley Williams, Education Minister, it was agreed that about 1,000 students come here. Some of them will be non-graduates and most will be learning English.

The British Council, besides opening an office in Peking, is to send two English language teachers to be attached to the Chinese Ministry of Education. They will run courses in Peking and Shanghai.

### Reassess EEC-Powell

MR. ENOCH POWELL last night was otherwise. Electoral pressure could enforce a change of policy. "The Conservative Party may not care about Britain, but it cares about votes."

Mr. Powell said that if Labour was returned to office, the party's anti-market forces would be held on tight reins. If Labour was in, it would come out in favour of its Conference demand for fundamental changes in Britain's relations with the EEC.

### Show pieces

TEN COLOUR televisions with the new Post Office Prestel telephone-linked videodata information facility have been installed at some hotels in Birmingham for the pre-motor show period from Sunday to next Thursday.

Mr. Huang Hua plans student trips to UK

BY COLINA MacDOUGALL

MR. HUANG HUA, the Chinese Foreign Minister on a four-day official visit to London, yesterday called on the British Council. He discussed China's plans for sending students to Britain with the chairman, Sir Charles Troughton, and other officials.

The talks were of a general nature, but he expressed particular interest in raising academic levels in China. A British Council senior delegation is to visit Peking within a month or so to try to establish which Chinese standards equate with British requirements for

### Guide lists profit forecasts

A NEW publication, Earnings Guide Europe, launched yesterday, lists profit forecasts for major European companies and combines the forecasts to produce expected sector profit growths for this year.

The guide forecasts that light engineering, hire purchase and toys and games will be the best performing sectors of British industry with profit growth of 34.4 per cent, 29.4 per cent and 28.4 per cent respectively.

The guide is being distributed free to 2,000 institutional investment directors and the finance directors of 300 British companies. It is financed by advertising income.

The publishers are Sterling Professional Publications, 86/88, Edgware Road, London W2.

### Fashion credit

SNOB, the women's fashion group, yesterday launched its own credit card system in its 15 stores. The system is funded by Barclaycard, the retail credit arm of Barclaycard.

North Yorkshire county planners to "save" villages from excessive development. These policies would have the very opposite effect.

Mr. Booth's comments were based on a report on the property market in the York area, which his company has sent to heads of local industry, professional practices and commerce.

## New truck and bus engines announced by Leyland Vehicles

BY KENNETH GOODING

LEYLAND VEHICLES, the BL subsidiary, today announces a new range of diesel engines to replace the 500 series which once was plagued with problems and gained a bad reputation among truckers.

Although the 500 series technical problems were resolved some time ago, the marketing difficulties remained.

The new range is called the TL11, a family of conventional bus and truck engines, ranging from 150 to 250 hp. It will be used for a variety of truck and bus operations.

The TL11 is related to the 20-year-old 680 series engines but Leyland insists it is not a direct development of the old range. It will replace progressively the 500 series in Leyland's Ergomatic truck range. Over the next three months the 24-ton Bison, the 30-ton Octopus and the 32-ton Buffalo trucks will go on sale with the new engine.

The 16-ton Lynx truck with a TL11 will be available early next year. Later in 1977 it will be fitted in its horizontal version to Leyland's Titan and Leyland National buses.

Leyland will introduce the new engines into the International Motor Show next week where the recently-introduced "Super" luxury cab, featured on the group's medium and lightweight trucks, makes its British debut.

A new version of the best-selling Leyland National single deck bus will also be shown, based on the chassis form, the Leyland/DAB articulated bus, the Scammell Commander tank transporter and the advanced Titan double-deck bus.

Another BL subsidiary, Leyland Trucks, will introduce a new automatic gearbox, known as the RVK 15L, at the Show. The four-speed transmission has been specially designed for the European City buses of the 1980s. It has an in-built torque converter, but the company says it makes gear changes easier and smoother and almost eliminates "jerk" between gears.

## Dodge expands its product range

CHRYSLER UK's subsidiary Dodge is filling a gap in its product line by adding an eight-wheeled model to the 300 series range of trucks.

Together with a new six-wheeler, the new truck will be on view at next week's Motor Show and on sale next March.

They will therefore appear at about the same time as Dodge's new light commercial vehicle, known as the 50 series, to be launched after a 20m development programme backed by Government funds made available under the 1976 rescue agreement.

The new 300 series models, aimed particularly at the construction industry, are similar in specification to the existing trucks in the range but feature a Chrysler BS 18, six-cylinder turbo-charged engine and the Chrysler 813 eight-speed over-drive gearbox.

The eight-wheel model is 25 to 30 tons and the six-wheeler is a 24-ton truck.

● The first phase of a redevelopment programme costing at least £200,000 for Chrysler's 1973 London dealership network has been completed with the reopening of its showrooms in Piccadilly, London.

By letting part of the premises to other users, Chrysler has more space covered the outlay involved.

Through its subsidiary Robins and Day, Chrysler has been the UK's biggest manufacturer of owned car distribution networks with more than 30 branches. Between them they provide about 18 per cent of Chrysler's UK unit sales.

● Mr. Gilbert Hunt, chairman of Chrysler UK, said yesterday the company expected to export 20,000 of the Sunbeam hatchback built at Linwood, Scotland, next year.

Production had been at a good level recently and the car has been reasonably successful in Belgium. Over the next few months it will be introduced in the West German and French markets.

## Datsun dealers leave for talks in Tokyo

FINANCIAL TIMES REPORTER

THIRTY DATSUN dealers left London for 10 days in Tokyo, Japan, yesterday in a bid to discover why they have been chosen to "bear the brunt" of Japanese car import restrictions to Britain.

Mr. Peter Fletcher, chairman of the Datsun Dealers' Association, said: "Our purpose will be to discuss our problems with the Japanese Automobile Manufacturers' Association and the British Ambassador, and other parties concerned. We cannot understand why we should bear the brunt of the British Government's restrictions, agreement made with the Japanese industry."

He said that during 1976 Datsun dealers had been forced to cut sales by 10 per cent or over 6,000 cars.

## Ulster State Hi-fi talks to Japanese company

BY OUR BELFAST CORRESPONDENT

STRATHEARN AUDIO, the president of AIWA during a State-owned Ulster hi-fi company, recent industrial promotion said yesterday that it was visiting Japan.

He welcomed the company's interest in "the skills and facilities" available at a Belfast hi-fi company, and hoped negotiations would succeed.

Strathearn, which has received nearly £3m from Government of its products at the West Belfast factory.

His efforts had the full backing of the Northern Ireland Department of Commerce. An agreement here would be the first involvement in Ulster products in the face of threatened closure.

Mr. Mason said: "When I returned, I will be able to clear my belief that our new investment drive was paying off. We are embarked upon the most vigorous industrial promotion effort in the post-war years, and a definite shortage of investment in Ulster is achieving its breakthrough."

## Flood of wine checks saleroom demand

BY EDMUND PENNING-ROWSELL

CHRISTIE'S third extensive auction of fine wines in three weeks yesterday produced few exceptional prices, except among single-bottle rarities.

The flood of wine, much of it from trade sources, now pouring into the London saleroom.

Sotheby's has recently also held a fine-wine sale—appears for the moment to have become a demand source for the sought-after first-growth clarets.

So prices were generally below their best in recent months, emphasising their reliance on foreign buyers, though American buyers were prominent yesterday.

Rarities fetched high prices, led by a single bottle of Yquem 1858—a famous vintage that went for £440 to an English buyer. Other single bottles of Yquem vintages included the 1822 (1884), 1924 (1794), and a 1945 (1822).

A bottle of Montrose 1870 brought £50, one of Rothschild 1829 reached £32, a double-magnum (equals four bottles) of Lafite 1845 secured £620, and another of Petrus 1963 made £280.

The ever-popular 1961 first-growth made no new records: prices remained firm with Lafite at £600 per dozen, Montrose at £580, Cb. Margaux at £540, Latour at £520 and Haut-Brion at £500.

A large slice of the sales was occupied by 150 lots—mostly first-growth, but including other fine wines, which were sold by Saenger and Speed, with a generous premium being donated to the Battle of Britain Museum Appeal Fund.

The total of these was £25,284, and for the whole sale, £28,421, representing 94 per cent actually sold.

Weekly net asset value on October 9th, 1978

Tokyo Pacific Holdings N.V. U.S. \$73.32

Tokyo Pacific Holdings (Seaboard) N.V. U.S. \$53.43

Listed on the Amsterdam Stock Exchange

Information: Preston, Harding & Pearson NV Mercurius 214, Amsterdam

## Tour operators fined total of £3,000

BY ARTHUR SANDLES

ONE OF BRITAIN'S biggest tour operators, Inntas, has been fined a record total of £3,000 by the Association of British Travel Agents after complaints from customers.

In another association decision, the recently-launched Saga Holidays group, which specialises in holidays for older people, was fined £500 for complaints over material changes to holidays booked by customers: ways of dealing with correspondence; and the company's system for sending out tickets.

Each of the privately-owned Inntas companies was fined £1,500 for not telling passengers that their holiday bookings were different from those they had booked until they had arrived at the airport of departure.

The Inntas group is one of the fastest growing in the travel business. Last year it carried 250,000 passengers and is the prime mover in a new airline, Air Europe, being set up next year.

Mr. Sidney Perez, a director of Inntas, said yesterday: "This dramatic growth in volume, coupled with hotel overbookings, which affected the industry overall, and the delays at airports due to air traffic controllers' disputes, put undue pressure on our organisation."

"These facts resulted in certain passengers going on holiday without being previously informed that accommodation was different from that originally confirmed."

## GEC sets up U.S. link to make control gear

BY MAX WILKINSON

THE General Electric Company is making a further move into the U.S. market with the setting up of a new company to make and manufacture control gear.

The new company will be a joint venture with the Turbodyne Corporation of Minneapolis, a Studebaker-Worthington company. GEC will have control, with 51 per cent of the shares.

It is expected that sales of between \$17m and \$20m will be achieved in the third year.

The company, which plans to have a workforce of 178 after two years, will make a range of alternating current variable speed drives, electric motor starters and similar equipment.

Most of the products will be based on GEC technology. But they will be sold through the Turbodyne marketing network.

GEC has been planning for some time to expand its operations in the U.S. market which represents about half the world's sales of electrical goods.

Its largest European rival, Siemens of Germany, has been expanding rapidly in the U.S. where it now has 10 subsidiaries or associated companies.

GEC's expansion in the States has been somewhat slower. With a joint venture with the U.S. factory in Georgia, it had a turnover of about £75m in the U.S. last year.

The company has hired Mr. Geoffrey Cross, former managing director of International Computers Limited (ICL) as a scout for possible purchases.

So far, there have not been any outright purchases, although a joint semi-conductor deal with the Californian company, Fairchild, was recently announced. But this will be based in the UK rather than the U.S.

This summer, GEC announced a joint venture with the U.S. company, Fisher in the field of control valves.

## Rival may bid for co-op venture

By Our Industrial Staff

A SMALL West of Scotland engineering company formed only last year is considering bidding for the troubled Kirby Manufacturing and Engineering workers' co-operative on Merseyside.

The Scottish company, Erskine Westray (Engineering), is a competitor of the co-operative in the manufacture of central heating radiators and was asked last month whether it would be interested in making a take-over bid.

It is one of a number of possible bidders for the co-operative who have been interviewed during the past few days by the working party set up by the Department of Industry to see if the enterprise can be saved.

The working party has approached all the companies and individuals who expressed an interest in the co-operative and it is still willing to receive fresh approaches.

Mr. Mike Giambattista, a former U.S. submarine commander who took over Erskine Westray last year after it had gone into receivership as Dunlop Westray, told the working party he was convinced he could turn the co-operative into a profit-making venture.

## Steel output higher last month but average still low

BY ROY HODSON

STEEL PRODUCTION recovered last month after August holiday mill closures. The month's weekly average of 410,000 tonnes still reflects the depression in steel trading, and was 7 per cent below the level of working of a year ago.

Order books are short. The British Steel Corporation and the few months because of outspoken opposition of U.S. steel consumers' Association said last night parties to the volume of imports in a joint statement that there were no indications of a significant improvement in the most evident in the poor demand for flat-rolled products for car production. White goods, and of this year averaged 384,500 general engineering.

British Steel does not expect to produce more than about 17m tonnes in the year, compared with 17.4m tonnes last year, and expects to lose some £400m.

Sales to the U.S. are unlikely to be pressed harder in the next year.

## State agencies 'fill equity gap'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A STAUNCH defence of the need for State agencies such as the National Enterprise Board to fill an "equity gap" in the development of high technology industries was launched yesterday by Mr. Richard Morris, the Board's deputy chairman.

"We at the NEB have concluded that there are areas where, given the current attitude of British management, it is necessary to help finance new industries which are at the forefront of technology," he told a chemical engineers' symposium in London yesterday.

He said the gap existed in the City and sectors of industry.

This had led the Enterprise Board into its decision to invest up to £50m in its INAMOS microelectronics venture.

There was also a research gap and he said that some properly directed Government research was essential. While Government support for research and development was at a "high and internationally acceptable level," the sums spent specifically on industrial innovation, with a particular market or commercial return in mind were small.

Mr. Morris joined the Enterprise Board this year from Courtauld, where he was a director with special interests in research and technical developments.

"One reason why I made my move to the NEB was that during my time in industry, albeit with one of the most progressive parts of it, I realised that although there was a lot of talk about competition from abroad and about how we were uncompetitive in world markets, little was being done of a concrete nature to change this," he said.

"I saw the NEB as one vehicle which, for better or worse, was going out and tackling this problem head on."

"After six months I am more

## Advertising law plans

BY MICHAEL THOMPSON-NOEL

THE Government is determined to formulate firm legislative proposals to prevent false advertising claims, Mr. Roy Hattersley, the Prices Minister, said yesterday.

The proposals would be introduced after some months even if the advertising business refused to discuss the improvement of existing controls.

Mr. Hattersley told an advertising conference in London that the weakness of the present system made it necessary to consider statutory control with sanctions against offenders to reinforce the powers of the Advertising Standards Authority.

No-one doubted advertising's potential benefits. But advertisers could mislead or mislead. They could prop up old products and existing supplies, making it harder for new producers to enter the market.

## £1.2m. for Victor Products

BY MAURICE SAMUELSON

VICTOR PRODUCTS (Walsand), a Tyneside-based light engineering company, is to receive £1m aid from the EEC for a three-year expansion and re-equipment project which will create at least 100 new jobs.

The money, in the form of low interest loans, comes from the £1.4m of ECSC money to companies in the North-East in the last year.

Companies in areas where coal and steel workers have been made redundant.

The loan to Victor Products will be administered by the Industrial and Commercial Finance Corporation, a subsidiary of Finance for Industry.

The corporation has agreed to lend interest loans, comes from the £1.4m of ECSC money to companies in the North-East in the last year.

# BARCLAYS BANK HELPS INDONESIA (AND PYE TVT AND MARCONI) DEVELOP A 3000 MILE TV NETWORK

## Big companies given Government aid

BIG COMPANIES such as Plessey, Pye, Ferranti and Mullard are among a list of businesses that have received State aid under the Government's £20m electronic components industry support scheme introduced early last year, writes John Elliott.

So far, the Government has promised aid of more than £13m for the development of projects costing a total of more than £52m.

At the same time it has promised £8m aid for projects costing £40m under its non-ferrous industry scheme which was also introduced early last year. This could result in an increase of 1,500 jobs.

The figures have been reported to the National Economic Development Council by Mr. Eric Varley, Secretary for Industry, to show the contribution that his Department's selective aid schemes are making in bringing forward industrial investment.

The aid given under the electronic components scheme to Plessey of Cambridge is for rationalisation of production facilities at Pye Connectors in Biggleswade.

Plessey's microelectronics and Microcave of Towcester has been helped by developing light emitting diode displays for professional and defence markets, while Ferranti's electronic components division in Oldham has received aid for developing radio frequency transistors.

Mullard in Southampton has been helped with the development and pre-production work on thermoelectric coolers for infra-

red detectors. None of these companies has disclosed the amount of aid received.

Miles Platens of Leicester, however, is known to have been allocated £35,550 aid towards the quiet development of transformer bobbins in metric sizes, while £72,527 has been promised to Comptographs International of Glenrothes for work connected with photomasks required for integrated circuit fabrication.

Webey Electric of Reddington has been allocated £33,523 for work on power metal oxide resistors.

The Department expects that all the £20m allocated to the scheme will be used up. The formal closing date for applications was in July and, in addition to general inquiries now being processed, firm applications for £2.3m aid have been made.

The objectives of the scheme are: to improve manufacturing techniques and productivity; product quality and specification; to develop and launch new products and electronic materials; and to modernise and rationalise production facilities.

This was considered necessary by the Government, Mr. Varley has told the Development Council, "because possession of a healthy electronics industry is becoming a necessity for any advanced industrial country, and an essential basis for this is the ready availability of suitable electronic components."

Microelectronic projects are included in the components scheme but, during the past few months, they have also been provided with two other special aid schemes together worth £85m.

Barclays Bank International provided finance for the Indonesian Government to expand its Regional television services into a National satellite linked network. Major contracts were awarded to the British companies Marconi Communication Systems and Pye TVT, who are world leaders in the design and installation of television systems.

Barclays in Jakarta was involved

in setting up a loan to Indonesia in support of the contracts which brought national television to Java, Sumatra and Kalimantan.

We could help because we have our own people and our own offices world wide where they are needed for international business.

We can help you in New York, Paris and Moscow. In Hong Kong and Sydney.

And in Tokyo, Frankfurt and Abu Dhabi...

The Barclays International group is in more than 75 countries. In all five continents. We have more branches in more countries than any other bank in the world.

We help most of the world's successful international companies. Somewhere there is a market where we can help you.

## Ravar Kerman carpet fetches £45,000

SOTREBY'S ended its sixth series of sales of Islamic works of art with an auction of rugs and carpets which brought in £584,070, and a coin sale which made £58,723. The top piece in the carpet sale was the sale of the 10 per cent buyers' premium, paid by a U.S. dealer for a Ravar Kerman carpet of about 1894, which measured 18 ft 7 in by 10 ft 11 in. The price was well above forecast.

Other high prices were the £27,000 paid for a Heriz silk rug, of about 1840; £23,000 from a Zurich dealer for a Kashan silk and metal thread prayer carpet, of about 1900; £17,000 from the Mansour Gallery of London for a Kashan pictorial rug, also of about 1900; and the £16,200 for an Esfahan carpet, made about 1830.

Silk rugs, which went for about £5,000 at the last sale, were going for approximately double this level yesterday, and good quality items were doing better than the older rugs and carpets in a more battered condition.

Among the coins, Spink gave £10,000—more than double the estimate—for a rare 500 guerche of the year 1277 AH. Qajar coins from Iran were much in demand and a 10 toman of 1311 AH made £2,400, and a 2 toman of 1271, £2,000.

At Spothaby's, Belgravia, silver realised £72,078 with a top price of £3,600 for a large Edward Barnard and Sons six-light centrepiece of 1853.

A Persian manuscript, the Conjunction of Two Lucky Planets, an account of the meeting of Sultan Nu'uz ud-Din Kikkakhubad and his father

Nasir ud-Din Baghura Khan, Sultan of Bengal, was sold at Christie's yesterday for £55,000. It was the top lot in a sale of Islamic manuscripts and miniatures which made £268,706. The

## SALEROOM

BY ANTONY THORNCROFT

purchaser was Atgetchi, a dealer from Tehran buying on behalf of a client.

Among Arabian manuscripts a Shiraz Qur'an, c.1550, went to Afzar, the Paris dealer, at £14,000.

## PUBLIC NOTICES

CENTRAL REGIONAL COUNCIL  
£2m Bill, issued 11th October, 1978.  
due 13th January, 1979 at an average rate of 9.445% per annum. Application for a Bill for the purpose of the loan amounted to £2,100,000 and there are £1,000,000 bills outstanding.

GLoucester Corporation  
£500,000 Bill, maturing on 10th January, 1979, issued on 11th October, 1978 at an average rate of 9.445% per annum. Application for a Bill for the purpose of the loan amounted to £450,000 and there are £1,000,000 bills outstanding.

GLoucester County Council Bills  
£2,500,000 Bill, maturing on 10th January, 1979, issued on 11th October, 1978 at an average rate of 9.445% per annum. Application for a Bill for the purpose of the loan amounted to £2,100,000 and there are £1,000,000 bills outstanding.

METROPOLITAN BOROUGH OF STOCKPORT  
£3,400,000 Bill, maturing on 10th January, 1979, issued on 11th October, 1978 at an average rate of 9.445% per annum. Application for a Bill for the purpose of the loan amounted to £2,800,000 and there are £1,000,000 bills outstanding.

LIVERPOOL COUNTY COUNCIL Bills  
£3,000,000 Bill, maturing on 9th January, 1979, issued on 11th October, 1978 at an average rate of 9.445% per annum. Application for a Bill for the purpose of the loan amounted to £2,500,000 and there are £1,000,000 bills outstanding.



**BARCLAYS**  
International



To us at Avis, 'We Try Harder' isn't just a slogan. It's a fact.

For example: a woman phoned our supervisor at Glasgow with a request. Would he meet her small son at the airport, drive him into the city then put him on the right train to take him to school in the country?

He did. And on his day off, too.

Or, how about the time a Canadian businessman turned up at Prestwick airport at 3.30 a.m. after a delayed flight. He had to get to a funeral on the Isle of Skye.

Everything at the airport was closed. He contacted the local police who rang Avis girl Brenda Kilmartin. Within half an hour she turned up and had a car available for rental.

But it isn't just for the service that people come to Avis.

There are our cars. Most are spanking new, few more than nine months old.

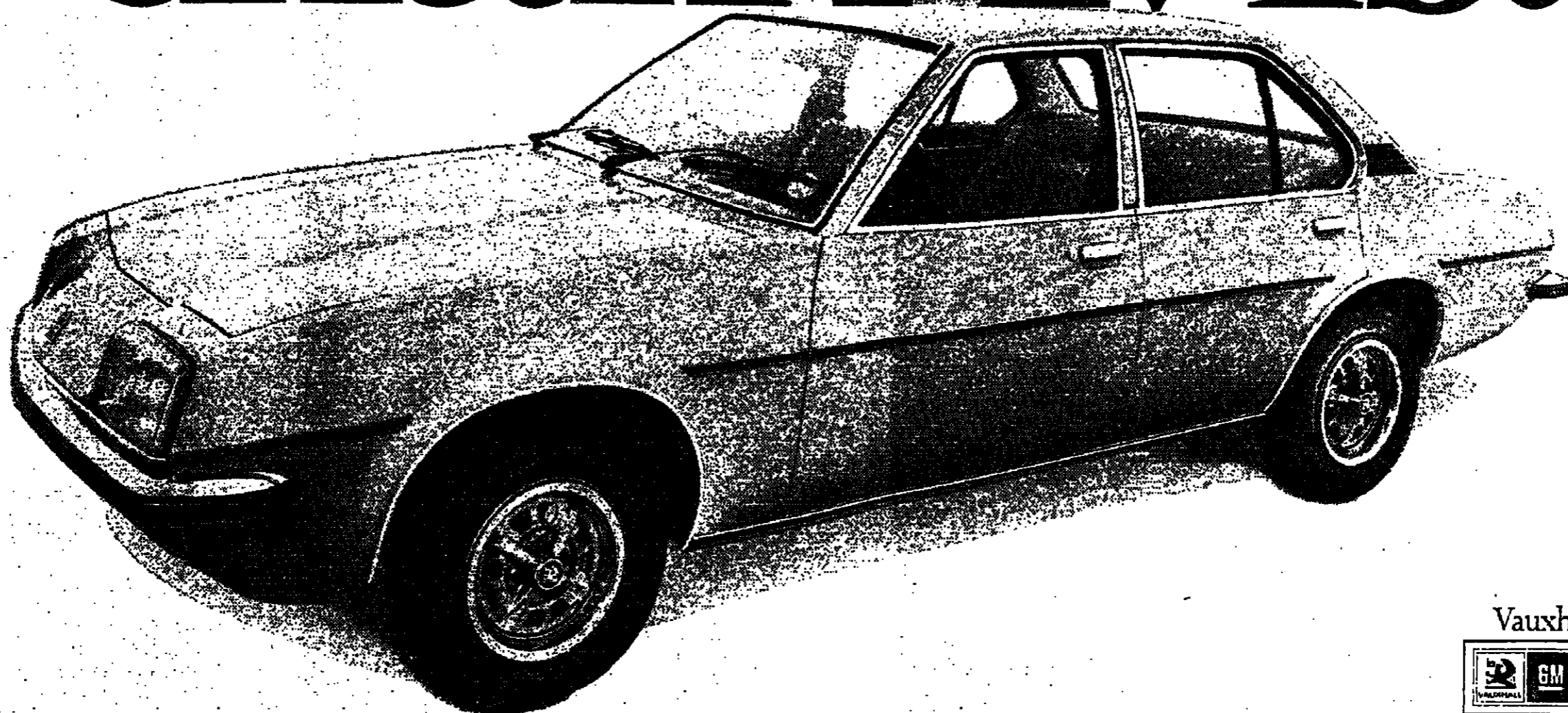
And with nearly 70 offices dotted about the U.K., we're pretty local, too.

We also operate a one-way rental service. You pick up a car, then drop it at any one of our offices.

At Avis, we really do try harder.

**AVIS**

# No one tries harder than Avis.



Vauxhall Cavalier.



TO RESERVE A CAR CALL YOUR TRAVEL AGENT OR YOUR NEAREST AVIS RESERVATION CENTRE: LONDON AND SOUTH EAST (01) 848 8733 MIDLANDS AND SOUTH WEST (021) 622 4262 SCOTLAND (02364) 54525 NORTH OF ENGLAND (0532) 444911 NORTHERN IRELAND (02384) 52333.

Fight  
talk  
fisher

Continued  
by Richard  
Lester and  
Pictorial  
Freddie



## LABOUR NEWS

## Stewards likely to reject British Oxygen 8% offer

BY NICK GARNETT AND ALAN PIKE

UNION NEGOTIATORS said yesterday that the deadline for accepting the British Oxygen 8% offer was likely to be rejected at a national conference of shop stewards today.

Negotiators said meetings of drivers and gas-cylinder handlers to whom the pay talks apply had shown that the offer was not acceptable. The offer, which was estimated by some union negotiators to be worth between 7.8 and 8.3 per cent for senior craftsmen and 8.2 to 8.5 per cent for the lowest grades.

## Ford moves

The offer, which the company estimated by some union negotiators to be worth between 7.8 and 8.3 per cent for senior craftsmen and 8.2 to 8.5 per cent for the lowest grades.

With the national strike in the Ford factories three weeks old, the company has agreed to bargain "responsibly" under conditions of free collective bargaining.

The initial offer of a productivity deal, something on which the company has not been enthusiastic in the past, is still on the table for discussion. The extent to which productivity payments will figure in an eventual settlement is an open question and depends on how negotiations develop today.

## Index-linked rises shield lock makers from pay policy

BY NICK GARNETT, LABOUR STAFF

AN UNUSUAL pay agreement for 10,000 workers in the lock manufacturing industry which has shielded them from the last three years of Government incomes policy has produced wage increases approaching 90 per cent on basic rates since the beginning of 1975.

The deal, negotiated in October, 1974, provides index-linked pay rises of 1 per cent on basic rates for every 1 per cent rise in the cost of living.

Because it was negotiated before the start of Phase One of the incomes policy, the arrangement does not fall foul of Government policy although the Department of Employment would prefer that such inflation-linked systems did not exist.

The deal appears to have paid out considerably more money than would have been the case under incomes policy. Latest figures issued by the Central Statistical Office show that manual workers' wage rates in manufacturing since the first quarter of 1975 have risen by about 70 per cent and those for manual workers in all industries and services by about 60 per cent. The increase in wage rates in the lock-making industry has been about 85 per cent.

Mr. John Martin, general secretary of the National Union of Lock and Metal Workers, the only union recognised on the industry's joint industrial council, said earnings, including piece work and overtime, had gone up by a similar 80 or 90 per cent over the period, although in manufacturing generally they had risen only by about 60 per cent.

Wage rates for top skilled workers which were £38.25 in February, 1975, are now £71.15. Labourers, in the lowest grade, now have a basic wage of £45.11 as against £24.25. The rates apply to a number of large companies, largely in the West Midlands, including Eaton, which makes Yale locks, and Chubb.

Mr. Jim James, a manager at Eaton and vice-president of the lock manufacturers' association, said that the arrangement had paid out such a large amount of money that it had worried some association members.

But the industry had had a similar type of pay system for the last few decades. It provided acceptable rises for both sides during normal periods of inflation and gave the industry considerable stability.

Greater Manchester ... a great place to get things going

GMC

offers a helping hand to industry

with information on the availability of land and buildings, with help in claiming government grants and other assistance, with advice on various regulations, planning matters, sources of funds and many other problems.

The Industrial Development Group  
Greater Manchester Council  
County Hall, Manchester M60 3HP  
Telephone 061-247 3311

Talk in confidence to: John Peak or Graham White.

## Humber bridge workers face wage cuts if targets missed

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

CABLE SPINNERS working on the Humber bridge face cuts of one-third of their weekly wages if they fail to achieve required productivity levels, British Bridge Builders, the consortium responsible for construction, said yesterday.

This is the latest move by the consortium to stem losses, which have reached £300,000, resulting from the refusal of the bridge authority's consulting engineer to authorise full contract payments for work completed.

The authority and its engineer have been deducting sums from progress payments to the consortium for some months on the grounds that the men's productivity is below a reasonable level.

This matter is the subject of arbitration between British Bridge Builders, in which British Steel, Clarke Chapman and Cleveland Bridge and En-

gineering, a Trafalgar House company, have equal shares, and the Humber Bridge Authority.

In a letter sent to the authority, the construction section of the Amalgamated Union of Engineering Workers and Mr. William Rodgers, the Transport Secretary, said the consortium says the ultimatum will take effect this week.

Its practical result is to take away the £122 an hour supplementary payment to cable spinners, agreed in a productivity agreement last month. This will reduce the weekly pay of the men involved from about £150 to £100.

Productivity levels have risen since last month's deal, but are still averaging 14 per cent below the level specified by the authority's engineer. Previously, performance was up to 60 per cent below specification.

British Bridge Builders said yesterday that the workers had met to discuss the announcement and then continued working.

Construction of the problem bridge involves spinning 40,000 miles of cable strand. The job is just over half way to completion.

British Bridge Builders said the work was about six months behind plan. The bridge would not open until the end of next year at the earliest. Because of earlier delays, it is now more than two years behind schedule.

The consortium said it did not necessarily accept the authority's productivity specifications or its right to withhold cash, which was in breach of the terms of the cost-reimbursable contract.

At one time, the consortium warned the authority that it might withdraw from the contract if payments continued to be refused, but it said yesterday that its aim was to complete the bridge.

## Civil servants spurn offer

CIVIL SERVICE unions said yesterday that they were considering the options of industrial action or arbitration over a "maladroit and wholly inadequate offer" from the Government on London weighting.

The Government has said that London weighting increases must be kept in line with Phase Three pay policy.

It has proposed loading all civil servants working in inner London so that their rate would increase from £265 to £274 per year. Civil servants working more than five miles from central London would get no rise in their £275 rate.

Mr. Bill Kendall, secretary-general of the Civil Service National Whitley Council staff side, said that the unions would fight for a "hefty" improvement in the offer.

## Journalists seek end to Times job threat

BY OUR LABOUR STAFF

NEARLY 500 journalists employed by Times Newspapers yesterday urged management to withdraw threats of dismissal and to allow the publication of their papers. The union said that the suspension of its papers will be suspended from November 30 if agreement is not reached by then on industrial relations reform.

The National Union of Journalists' chapel (office branch) complained that it had not received management's proposals for re-organisation and that journalists had not cost a single copy through disruptive action.

The Times notice of suspension was issued amid mounting concern over unofficial disruptive action taken by printers of Fleet Street national newspapers.

In a separate dispute involving NGA members at Uxbridge, King and Butchers (Westminster Evening Chronicle) printers said that the Jewish Chronicle had withdrawn its contract because of five weeks of industrial action which was disrupting production.

The International Herald Tribune, whose papers for distribution in Britain are normally printed there, has, for the last fortnight been importing editions from its Paris presses.

The printers are demanding extra payment to solve a differentials problem between NGA members and members of the National Society of Operative Printers, Graphical and Media Personnel.

## Electricians to decide fate of motor show

By Arthur Smith

HOPES OF preventing a delay in the opening of the International Motor Show rest on a meeting today of electricians, who are threatening a total stoppage.

The 300 men, after nearly four hours of talks with union officials yesterday, refused to resume work. They have, however, agreed to remain on site at the National Exhibition Centre, Birmingham, while discussions with management continue.

Mr. Roh Wright, area official of the Electrical and Plumbing Trades Union, said he had instructed the men to return to work. The union had signed a pay agreement with the employers in July, and its terms should be upheld.

The electricians are demanding consolidation into basic pay of a daily attendance allowance, totalling £5.50 a week. Such a concession would clearly have a significant impact on overtime earnings. Delays caused by the present unofficial action must increase the need for extra work if the show is to open on time a week today.

The 1,400 workers assembling stands for the show worked normally yesterday, but are staging unannounced half-day stoppages in pursuit of a similar national pay claim.

Mr. David Gent, deputy director of the Society of Motor Manufacturers and Traders, warned last night that the unofficial disputes were threatening not only the future of the show in Britain but also the jobs of workers in the exhibition industry.

The society had committed £2m—four times the normal level—to stage the show. Exhibitors were also spending large sums to make the event "the best ever motor show seen in Western Europe," he said.

## Shipyard workers may have to forgo rises

BY PHILIP BASSETT, LABOUR STAFF

HIGHER PAID shipyard workers Union leaders believe this would may have to forgo wage rises in the coming round so the industry can move towards an overall pay structure in the present crisis.

Mr. John Chalmers, of the Confederation of Shipbuilding and Engineering Unions said yesterday that the state of the industry was very grave.

By his time next year, there would be no ships in UK merchant shipbuilding yards. The confederation would be seeking an early meeting with Mr. Eric Varley, Industry Secretary, and possibly with the Prime Minister, to discuss the Government's plans for the shipbuilding industry.

British Shipbuilders and the confederation, which represents more than 85,000 shipyard workers have set up a joint working party to create a unified pay bargaining system.

The working party will make a determined effort to find a common date, possibly in January, for wage settlements. The confederation will discuss the party's report at a recalled delegate conference on November 16.

Mr. Chalmers said that a unified wage structure could be more equitable than the present system. British Shipbuilders inherited a fragmented bargaining structure loosely tied to the national agreement for the engineering industry from privately-owned yards.

Uniform pay bargaining, though, will inevitably cut across already formulated shipyard claims. About 8,000 Clydeside workers at Govan and Yarrow have tabled substantial claims due for settlement on September 1. Negotiations are said to have been delayed while the unified system is discussed.

## Hospital union leaders see hope of settlement

BY PAULINE CLARK, LABOUR STAFF

FRESH PROPOSALS on a solution to the hospital workers' dispute are expected to be put to unions today in their first meeting with employers for more than a fortnight.

Industrial action taken by some 3,500 works officers over a differential, anomaly in a new pay structure proposal has hit hospitals in most areas of the country for nearly a month. Many have closed to all but emergency admissions, and doctors have reported a serious build-up of hospital waiting lists.

Union leaders said yesterday that hopes for a settlement could rest on the scope for negotiating a self-financing productivity deal. The main contention of the unions is that some of their lowest-grade members stand to receive lower earnings than the highest-paid craftsmen who work under them and who benefit it as well.

from their own 33 per cent bonus scheme.

Dr. David Ennals, Secretary for Social Services, made clear in the unions in several statements during the dispute and in a letter this week to Mr. Allan Black, secretary of the staff side and national officer in the Union of Construction, Allied Trades and Technicians, that the proposed scales now on offer cannot be increased without breaking the Government's pay guidelines.

The five unions representing the works officers are likely to draw attention today to recently agreed bonus terms for Britain's 4,200 ambulance officers.

A 1975 scheme for giving the 20,000 ambulance men under them a bonus of up to 33 per cent was delayed by Phases One and Two of Government pay restraint. Now that the deal can go ahead on a self-financing basis, the highest-paid craftsmen who work under them and who benefit it as well.

## SU production halted as 200 walk out

PRODUCTION at SU Fuel Systems, which has continued uninterrupted during the 11 weeks' strike by 32 toolmakers, came to a halt yesterday after 200 workers staged a walk-out because of a separate dispute.

Most of the 1,100 employees will be laid off today, but are expected to be recalled on Monday when talks about the dispute will continue.

Mr. Roy Fraser, chairman of the unofficial toolmakers committee which claims support from 3,000 men within B.I. Cars, will meet leaders of other skilled workers next Tuesday to seek support for a threatened strike.

## Radio officers in pay deal

THE 3,500-strong Radio and Electronic Officers Union, representing ship radio officers, said yesterday that it had "very reluctantly" accepted an offer of a 10 per cent pay increase under Phase Three. The union had sought a 14 per cent rise.

# You'll have to speak up!

Yes! You'll have to speak up for battery electrics. In fact, you may have to shout at the top of your voice: "Let's get rid of that noisy truck and get an electric!"

Shout loud down your cost accountant's ear too! "Electric trucks cost more to buy but they're cheaper to run because an electric truck comes with most of its fuel pre-paid for 5 years. It's an electrical energy package called a battery and charger."

Speak up for a rugged Chloride battery while you're at it. And get a Chloride engineer in the deal, to look after it. So if you want to lower the decibels on your job—speak up for electrics.

Chloride Industrial Batteries Limited,  
P.O. Box 5, Clifton Junction,  
Swinton, Manchester M27 2LR.

Telephone: 061-794 4611. Telex: 669087.

**CHLORIDE**  
PURE POWER

12  
TOMBAR

## Unwilling to find out

BY COLIN JONES

IT IS SIX years since the Industrial Act of 1972 ushered in the present framework of general and regional support for industry. Government spending under this Act and its 1973 successor has now risen to well over £1bn a year currently and probably close on £1.5bn cumulatively (at today's prices). Yet we are as far away as ever from being able to judge just what all this expenditure has achieved.

There is some anecdotal evidence about particular successes (Ferranti, ICL) or failures (BL workers' co-operation). Academics like Messrs. Moore and Rhodes of the Department of Applied Economics at Cambridge have made brave stabs at assessing the impact of regional incentives. Whitehall has produced the occasional "place of circumstantial evidence" about, for example, the results of the accelerated projects scheme, the assisted areas' gradually increasing share of total manufacturing investment (which is said to have been growing by not quite a quarter of 1 per cent a year compound) or the greater cost effectiveness of interest relief grants (that is, interest subsidies for loans obtained from commercial sources compared with a cheap state loan). But six years on, neither the Government nor Parliament is in a position to judge what, overall or in particular areas, has really been achieved. No one can say with certainty whether the same results would have been achieved at much less cost or whether more could have been done if the same amounts had been spent in other ways.

## Assessment

It would not be easy to do this other than in broad subjective terms. It is true. It takes time for the results of an aided project to show through. This is why the Department of Industry is only now starting to assess its sectoral aid schemes. There is no objective way of telling what would have happened if assistance had not been granted, of distinguishing between the effects of the differing forms of assistance (regional development grants, selective assistance) that make up many individual aid packages, or of deciding what allowance to make for subsequent economic events like a longer-than-expected recession in demand. This is why the Department has been against too much being read into the fact that the extra employment so far achieved in a sample of cases of

## Making merry down Horem way

BY COLIN INMAN

IF YOU go into an off licence in Wells, Somerset, and ask for a bottle of vintage cider, you don't really expect to be offered a product made in Sussex. And yet that is what happened to me when on holiday recently.



The product in question was Merrydown vintage cider: the name will be recalled by many people as a popular "bottle party" drink of the 1950s, when Merrydown's ratio of alcohol content to price made it a cheap and easy way to inebriation. But a lot has happened to Merrydown since then, and during the past few years the company has shown a keen eye for a market opportunity as well as the skill to turn it to good effect.

Set up at Horem, Sussex, in 1946 by Jack Ward and Ian Howie, both amateur winemakers—the latter had even managed to make wine from Red Cross prunes while a prisoner of war—only 400 gallons of Merrydown cider were produced in the first year. Today, turnover has grown to almost £3m annually.

The company's 20 products are exported to around 100 countries, and it employs 125 people in a part of Sussex where employment opportunities do not abound. Vintage

strength to enable the alcoholic content to be tailored to best advantage: 1.5 per cent below the level at which wine duty would be payable. Sales totalled £200,000 in the first ten months after launch, and have climbed steadily to reach £1.1m this year. A dry version was introduced in September 1977.

Sales so far have been mostly within the UK, though the company hopes to boost export sales either by shipping in bulk for local bottling or by arranging licensing deals in countries with a suitable climate: one such has just been set up in New Zealand.

Merrydown claims only 2 per cent of the take-home cider market, which may not sound much but is sufficient to make it the fourth largest producer in the country, after Bulmer, Taunton and Coates/Gaymers. (Around half of the 42m gallons of cider drunk in Britain each year is draught, the remainder in bottle, either as Pomarine, "premium" or "ordinary" brands.)

However, in premium ciders Merrydown now claims to out-sell its major rivals, Bulmer's Special Reserve and Coates' Triple Vintage. One of its advantages, points out marketing director Richard Purdy, is

that it is made from dessert rather than bitter apples, which makes it palatable to people (and there appear to be a lot of them) who don't like a "cidery" taste. But he is also at pains to emphasise that Merrydown is not regarded as a wine.

"We merely spotted a gap between ordinary cider and wine," he says. And yet it is against cheap white wine rather than cheaper ciders that Merrydown is likely to be judged—the dry version served chilled can easily be preferred to some of the stuff optimistically called white wine, and at around 60p a litre it is, of course, far cheaper.

Marketing costs so far have been concentrated in the South-East—perhaps, since the sales force numbers only eight—and the first Christmas will see the first venture into radio advertising through LBC. The bulk of sales are made through off-licences, though there are problems. The largest chain, Victoria Wine, is a part of the Allied Breweries group, which owns Coates/Gaymers, while Peter Dominic has a "house agreement" with Bulmer.

However, Merrydown has now begun to appear on the supermarket shelf—Tesco, Waitrose, Sainsbury. Safeway among



Merrydown at a Brighton festival: the cart is pulled by the only two working ones in Britain, owned by farmer Roy Jenkins and his son Trevor of Lindfield, Sussex.

others—and the supermarkets' central buying will also help to ensure national distribution for Merrydown products. The pub trade, with its labour-intensive need for sales to be made to individual houses, has largely still to be penetrated.

In an average year, Merrydown reckons to process around 7,000 tons of apples between August and November. But this year, with the orchards of Kent and Sussex knee deep in apples, it is likely to buy about 10,000 tons. The company expects to use double-shift working for three months followed by single-shift until April. The concentrate produced can, of course, be stored, whereas one in bottle the cider

## Peerless Prince should find today's extra distance ideal

ALTHOUGH ONLY half a dozen are due to take the field, this afternoon's James Lane Handicap at Ascot looks like providing an intriguing race with the likelihood that each of the tightly handicapped runners will be in contention in the closing stages.

Peerless Prince, winner of this race a year ago when he carried 7 st 4 lb to a 12-1 victory, now shoulders just 8 lb more and will clearly not be far away.

Another who seems sure to give his backers a good run is Breathing Exercise, a late withdrawal from the Cambridgeshire. This Pall Mall gelding, trained by P. Arthur, who saddled Peerless Prince in this event a year ago, has not produced his best since chasing home Fettered in a seven-furlong handicap at Wolverhampton in April. However, he has been racing exclusively over six and seven furlongs and his breeding suggests that this 10-furlong might suit him ideally.

In an open race in which anything but a minor interest seems inadvisable, I side with Peerless Prince, who I hope to see being held up for a late thrust by Robert Street.

William Hastings Best-trained Village Voice is my selection for the Duke of Edinburgh Stakes, a year ago by Camden Town. This 1.5 st daughter of Tony Crier won easily at Nottingham last week in her first race and could be a cut above average.

Should there be a market move for him, the previously untried Busted and Royal Obligation, a 2,000 gns yearling, might be worth a saving bet.

Whatever the fate of Royal Obligation, Jeremy Tree and Lester Pigott should combine for a last-of-rancer. The once-raced Lockridge is the probable answer to the Wyndham Stakes, won a year ago by a 7-1 chance for Pigott on Matinale.

Last month, at Salisbury, Lockridge, a chestnut Reliance II gelding out of Habbart, a half-sister to the Prix du Cadran winner, Recupere, was not hard pressed to beat Trojan's Century over a mile and six furlongs. The extra two furlongs here will see him to even better advantage.

ASCOT  
2.30—Lockridge  
2.40—Village Voice\*\*\*  
3.05—Peerless Prince\*  
3.30—Ridance  
4.10—Whitcombe  
4.40—Grande Conde

Paul Kelleway's Double Jump colt found little difficulty in disposing of Hurdall and Jon Chat in a valuable 11-mile handicap here a fortnight ago and it is in his favour that he is again being hand-out. There can be nothing but censure for politicians and administrators who choose to ignore what experience might teach them.

My one serious reservation about him is that the two-furlong shorter trip of this race may

prove to be on the sharp side for him.

Another who seems sure to give his backers a good run is Breathing Exercise, a late withdrawal from the Cambridgeshire. This Pall Mall gelding, trained by P. Arthur, who saddled Peerless Prince in this event a year ago, has not produced his best since chasing home Fettered in a seven-furlong handicap at Wolverhampton in April. However, he has been racing exclusively over six and seven furlongs and his breeding suggests that this 10-furlong might suit him ideally.

In an open race in which anything but a minor interest seems inadvisable, I side with Peerless Prince, who I hope to see being held up for a late thrust by Robert Street.

William Hastings Best-trained Village Voice is my selection for the Duke of Edinburgh Stakes, a year ago by Camden Town. This 1.5 st daughter of Tony Crier won easily at Nottingham last week in her first race and could be a cut above average.

Should there be a market move for him, the previously untried Busted and Royal Obligation, a 2,000 gns yearling, might be worth a saving bet.

Whatever the fate of Royal Obligation, Jeremy Tree and Lester Pigott should combine for a last-of-rancer. The once-raced Lockridge is the probable answer to the Wyndham Stakes, won a year ago by a 7-1 chance for Pigott on Matinale.

Last month, at Salisbury, Lockridge, a chestnut Reliance II gelding out of Habbart, a half-sister to the Prix du Cadran winner, Recupere, was not hard pressed to beat Trojan's Century over a mile and six furlongs. The extra two furlongs here will see him to even better advantage.

ASCOT  
2.30—Lockridge  
2.40—Village Voice\*\*\*  
3.05—Peerless Prince\*  
3.30—Ridance  
4.10—Whitcombe  
4.40—Grande Conde

Paul Kelleway's Double Jump colt found little difficulty in disposing of Hurdall and Jon Chat in a valuable 11-mile handicap here a fortnight ago and it is in his favour that he is again being hand-out. There can be nothing but censure for politicians and administrators who choose to ignore what experience might teach them.

My one serious reservation about him is that the two-furlong shorter trip of this race may

prove to be on the sharp side for him.

Another who seems sure to give his backers a good run is Breathing Exercise, a late withdrawal from the Cambridgeshire. This Pall Mall gelding, trained by P. Arthur, who saddled Peerless Prince in this event a year ago, has not produced his best since chasing home Fettered in a seven-furlong handicap at Wolverhampton in April. However, he has been racing exclusively over six and seven furlongs and his breeding suggests that this 10-furlong might suit him ideally.

In an open race in which anything but a minor interest seems inadvisable, I side with Peerless Prince, who I hope to see being held up for a late thrust by Robert Street.

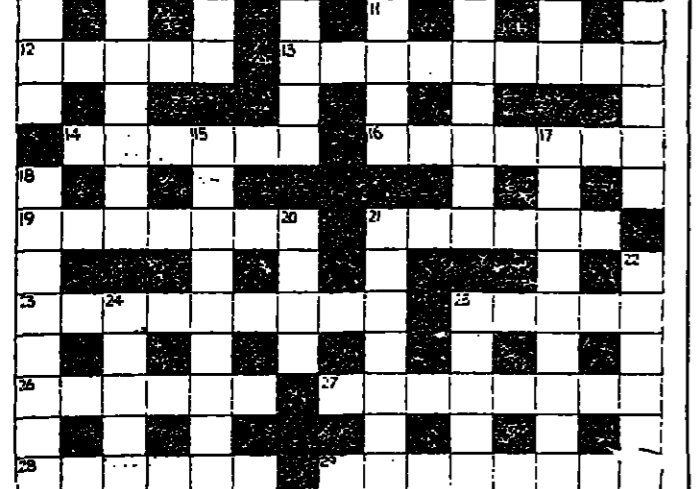
William Hastings Best-trained Village Voice is my selection for the Duke of Edinburgh Stakes, a year ago by Camden Town. This 1.5 st daughter of Tony Crier won easily at Nottingham last week in her first race and could be a cut above average.

## TV/Radio

† Indicates programme in black and white

**BBC 1**  
6.40-7.30 am Open University (Ultra High Frequency only). 9.50 For Schools. Colleges. 10.45-11.00 For Schools. Colleges. 12.25-1.00 Golf: Colgate World Matchplay. Championship. 12.45-1.15 Pebble Mill. 1.45 Heads and Tails. 2.02 For Schools. Colleges. 3.00 International Golf. 3.15-3.30 Regional News for England (except London). 3.55-4.15 Home. 4.20-4.30 Captain Caveman (cartoon). 4.55-5.00 News.

**F.T. CROSSWORD PUZZLE No. 3795**



**ACROSS**  
1 Agent gets in a good shot at textile factory (8)  
5 Strengthened motoring organisation in plot (6)  
9 A part of a joint to pay off (8)  
10 Italian form of census (6)  
12 A safety race (5)  
13 Wall discovered 6-8 (8)  
14 Oriental title left in pain (6)  
16 Stop everything. It's in the bag (4-3)  
19 Reel on could be a statement (7)  
21 Old dish-warmer modified by hoax (6)  
23 I create an impression in one state, but it's all the same (8)  
25 Subject of discussion in article to me (5)  
26 Notice sin in counsel (6)  
27 Exhausted a down-and-out (4-4)  
28 Deserved to be gained by labour (6)  
29 I act afterwards, being a great admirer (8)

**DOWN**  
1 Firmly established place for Arabs (6)  
2 Not normally developed in wind instrument 1 note (8)  
3 One who observes unusual tenor (5)  
4 Remains three-quarters full but tranquil (7)  
6 Three minutes in the ring with the Spanish? Yes, it's a dance in a ring (8)  
7 Caught at one and they are needed (5)

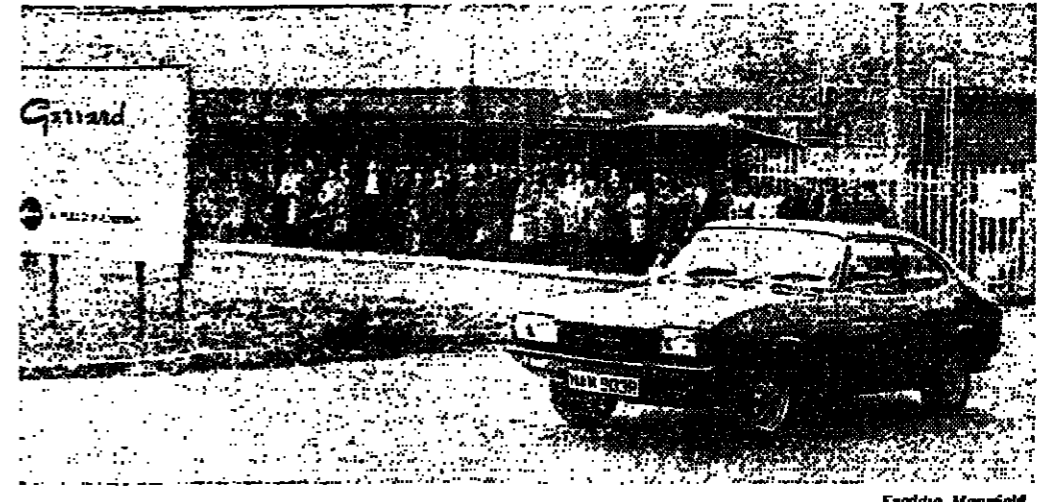
**BBC 2**  
6.40 am Open University  
9.50 Conservative Party Conference  
11.00 Play School (Sat. 11.00-11.30 pm)  
11.25-12.30 pm Conservative Party Conference  
12.45-1.15 Golf: Royal Birkdale. 1.15-1.30 Conservative Party Conference  
1.30-1.45 Golf: Royal Birkdale. 1.45-2.00 Conservative Party Conference  
2.00-2.15 News on 2  
2.15-2.30 Conference Report  
2.30-2.45 News on 2  
2.45-3.00 Conference Report  
3.00-3.15 News on 2  
3.15-3.30 Conference Report  
3.30-3.45 News on 2  
3.45-4.00 Conference Report  
4.00-4.15 News on 2  
4.15-4.30 Conference Report  
4.30-4.45 News on 2  
4.45-5.00 Conference Report  
5.00-5.15 News on 2  
5.15-5.30 Conference Report  
5.30-5.45 News on 2  
5.45-6.00 Conference Report  
6.00-6.15 News on 2  
6.15-6.30 Conference Report  
6.30-6.45 News on 2  
6.45-7.00 Conference Report  
7.00-7.15 News on 2  
7.15-7.30 Conference Report  
7.30-7.45 News on 2  
7.45-8.00 Conference Report  
8.00-8.15 News on 2  
8.15-8.30 Conference Report  
8.30-8.45 News on 2  
8.45-9.00 Conference Report  
9.00-9.15 News on 2  
9.15-9.30 Conference Report  
9.30-9.45 News on 2  
9.45-10.00 Conference Report  
10.00-10.15 News on 2  
10.15-10.30 Conference Report  
10.30-10.45 News on 2  
10.45-11.00 Conference Report  
11.00-11.15 News on 2  
11.15-11.30 Conference Report  
11.30-11.45 News on 2  
11.45-12.00 Conference Report  
12.00-12.15 News on 2  
12.15-12.30 Conference Report  
12.30-12.45 News on 2  
12.45-1.00 Conference Report  
1.00-1.15 News on 2  
1.15-1.30 Conference Report  
1.30-1.45 News on 2  
1.45-2.00 Conference Report  
2.00-2.15 News on 2  
2.15-2.30 Conference Report  
2.30-2.45 News on 2  
2.45-3.00 Conference Report  
3.00-3.15 News on 2  
3.15-3.30 Conference Report  
3.30-3.45 News on 2  
3.45-4.00 Conference Report  
4.00-4.15 News on 2  
4.15-4.30 Conference Report  
4.30-4.45 News on 2  
4.45-5.00 Conference Report  
5.00-5.15 News on 2  
5.15-5.30 Conference Report  
5.30-5.45 News on 2  
5.45-6.00 Conference Report  
6.00-6.15 News on 2  
6.15-6.30 Conference Report  
6.30-6.45 News on 2  
6.45-7.00 Conference Report  
7.00-7.15 News on 2  
7.15-7.30 Conference Report  
7.30-7.45 News on 2  
7.45-8.00 Conference Report  
8.00-8.15 News on 2  
8.15-8.30 Conference Report  
8.30-8.45 News on 2  
8.45-9.00 Conference Report  
9.00-9.15 News on 2  
9.15-9.30 Conference Report  
9.30-9.45 News on 2  
9.45-10.00 Conference Report  
10.00-10.15 News on 2  
10.15-10.30 Conference Report  
10.30-10.45 News on 2  
10.45-11.00 Conference Report  
11.00-11.15 News on 2  
11.15-11.30 Conference Report  
11.30-11.45 News on 2  
11.45-12.00 Conference Report  
12.00-12.15 News on 2  
12.15-12.30 Conference Report  
12.30-12.45 News on 2  
12.45-1.00 Conference Report  
1.00-1.15 News on 2  
1.15-1.30 Conference Report  
1.30-1.45 News on 2  
1.45-2.00 Conference Report  
2.00-2.15 News on 2  
2.15-2.30 Conference Report  
2.30-2.45 News on 2  
2.45-3.00 Conference Report  
3.00-3.15 News on 2  
3.15-3.30 Conference Report  
3.30-3.45 News on 2  
3.45-4.00 Conference Report  
4.00-4.15 News on 2  
4.15-4.30 Conference Report  
4.30-4.45 News on 2  
4.45-5.00 Conference Report  
5.00-5.15 News on 2  
5.15-5.30 Conference Report  
5.30-5.45 News on 2  
5.45-6.00 Conference Report  
6.00-6.15 News on 2  
6.15-6.30 Conference Report  
6.30-6.45 News on 2  
6.45-7.00 Conference Report  
7.00-7.15 News on 2  
7.15-7.30 Conference Report  
7.30-7.45 News on 2  
7.45-8.00 Conference Report  
8.00-8.15 News on 2  
8.15-8.30 Conference Report  
8.30-8.45 News on 2  
8.45-9.00 Conference Report  
9.00-9.15 News on 2  
9.15-9.30 Conference Report  
9.30-9.45 News on 2  
9.45-10.00 Conference Report  
10.00-10.15 News on 2  
10.15-10.30 Conference Report  
10.30-10.45 News on 2  
10.45-11.00 Conference Report  
11.00-11.15 News on 2  
11.15-11.30 Conference Report  
11.30-11.45 News on 2  
11.45-12.00 Conference Report  
12.00-12.15 News on 2  
12.15-12.30 Conference Report  
12.30-12.45 News on 2  
12.45-1.00 Conference Report  
1.00-1.15 News on 2  
1.15-1.30 Conference Report  
1.30-1.45 News on 2  
1.45-2.00 Conference Report  
2.00-2.15 News on 2  
2.15-2.30 Conference Report  
2.30-2.45 News on 2  
2.45-3.00 Conference Report  
3.00-3.15 News on 2  
3.15-3.30 Conference Report  
3.30-3.45 News on 2  
3.45-4.00 Conference Report  
4.00-4.15 News on 2  
4.15-4.30 Conference Report  
4.30-4.45 News on 2  
4.45-5.00 Conference Report  
5.00-5.15 News on 2  
5.15-5.30 Conference Report  
5.30-5.45 News on 2  
5.45-6.00 Conference Report  
6.00-6.15 News on 2  
6.15-6.30 Conference Report  
6.30-6.45 News on 2  
6.45-7.00 Conference Report  
7.00-7.15 News on 2  
7.15-7.30 Conference Report  
7.30-7.45 News on 2  
7.45-8.00 Conference Report  
8.00-8.15 News on 2  
8.15-8.30 Conference Report  
8.30-8.45 News on 2  
8.45-9.00 Conference Report  
9.00-9.15 News on 2  
9.15-9.30 Conference Report  
9.30-9.45 News on 2  
9.45-10.00 Conference Report  
10.00-10.15 News on 2  
10.15-10.30 Conference Report  
10.30-10.45 News on 2  
10.45-11.00 Conference Report  
11.00-11.15 News on 2  
11.15-11.30 Conference Report  
11.30-11.45 News on 2  
11.45-12.00 Conference Report  
12.00-12.15 News on 2  
12.15-12.30 Conference Report  
12.30-12.45 News on 2  
12.45-1.00 Conference Report  
1.00-1.15 News on 2  
1.15-1.30 Conference Report  
1.30-1.45 News on 2  
1.45-2.00 Conference Report  
2.00-2.15 News on 2  
2.15-2.30 Conference Report  
2.30-2.45 News on 2  
2.45-3.00 Conference Report  
3.00-3.15 News on 2  
3.15-3.30 Conference Report  
3.30-3.45 News on 2  
3.45-4.00 Conference Report  
4.00-4.15 News on 2  
4.15-4.30 Conference Report  
4.30-4.45 News on 2  
4.45-5.00 Conference Report  
5.00-5.15 News on 2  
5.15-5.30 Conference Report  
5.30-5.45 News on 2  
5.45-6.00 Conference Report  
6.00-6.15 News on 2  
6.15-6.30 Conference Report  
6.30-6.45 News on 2  
6.45-7.00 Conference Report  
7.00-7.15 News on 2  
7.15-7.30 Conference Report  
7.30-7.45 News on 2  
7.45-8.00 Conference Report  
8.00-8.15 News on 2  
8.15-8.30 Conference Report  
8.30-8.45 News on 2  
8.45-9.00 Conference Report  
9.00-9.15 News on 2  
9.15-9.30 Conference Report  
9.30-9.45 News on 2  
9.45-10.00 Conference Report  
10.00-10.15 News on 2  
10.15-10.30 Conference Report  
10.30-10.45 News on 2  
10.45-11.00 Conference Report  
11.00-11.15 News on 2  
11.15-11.30 Conference Report  
11.30-11.45 News on 2  
11.45-12.00 Conference Report  
12.00-12.15 News on 2  
12.15-12.30 Conference Report  
12.30-12.45 News on 2  
12.45-1.00 Conference Report  
1.00-1.15 News on 2  
1.15-1.30 Conference Report  
1.30-1.45 News on 2  
1.45-2.00 Conference Report  
2.00-2.15 News on 2  
2.15-2.30 Conference Report  
2.30-2.45 News on 2  
2.45-3.00 Conference Report  
3.00-3.15 News on 2  
3.15-3.30 Conference Report  
3.30-3.45 News on 2  
3.45-4.00 Conference Report  
4.00-4.15 News on 2  
4.15-4.30 Conference Report  
4.30-4.45 News on 2  
4.45-5.00 Conference Report  
5.00-5.15 News on 2  
5.15-5.30 Conference Report  
5.30-5.45 News on 2  
5.45-6.00 Conference Report  
6.00-6.15 News on 2  
6.15-6.30 Conference Report  
6.30-6.45 News on 2  
6.45-7.00 Conference Report  
7.00-7.15 News on 2  
7.15-7.30 Conference Report  
7.30-7.45 News on 2  
7.45-8.00 Conference Report  
8.00-8.15 News on 2  
8.15-8.30 Conference Report  
8.30-8.45 News on 2  
8.45-9.00 Conference Report  
9.00-9.15 News on 2  
9.15-9.30 Conference Report  
9.30-9.45 News on 2  
9.45-10.00 Conference Report  
10.00-10.15 News on 2  
10.15-10.30 Conference Report  
10.30-10.45 News on 2  
10.45-11.00 Conference Report  
11.00-11.15 News on 2  
11.15-11.30 Conference Report  
11.30-11.45 News on 2  
11.45-12.00 Conference Report  
12.00-12.15 News on 2  
12.15-12.30 Conference Report  
12.30-12.45 News on 2  
12.45-1.00 Conference Report  
1.00-1.15 News on 2  
1.15-1.30 Conference Report  
1.30-1.45 News on 2  
1.45-2.00 Conference Report  
2.00-2.15 News on 2  
2.15-2.30 Conference Report  
2.30-2.45 News on 2  
2.45-3.00 Conference Report  
3.00-3.15 News on 2  
3.15-3.30 Conference Report  
3.30-3.45 News on 2  
3.45-4.00 Conference Report  
4.00-4.15 News on 2  
4.15-4.30 Conference Report  
4.30-4.45 News on 2  
4.45-5.00 Conference Report  
5.00-5.15 News on 2  
5.15-5.30 Conference Report  
5.30-5.45 News on 2  
5.45-6.00 Conference Report  
6.00-6.15 News on 2  
6.15-6.30 Conference Report  
6.30-6.45 News on 2  
6.45-7.00 Conference Report  
7.00-7.15 News on 2  
7.15-7.30 Conference Report  
7.30-7.45 News on 2  
7.45-8.00 Conference Report  
8.00-8.15 News on 2  
8.15-8.30 Conference Report  
8.30-8.45 News on 2  
8.45-9.00 Conference Report  
9.00-9.15 News on 2  
9.15-9.30 Conference Report  
9.30-9.45 News on 2  
9.45-10.00 Conference Report  
10.00-10.15 News on 2  
10.15-10.30 Conference Report  
10.30-10.45 News on 2  
10.45-11.00 Conference Report  
11.00-11.15 News on 2  
11.15-11.30 Conference Report  
11.30-11.45 News on 2  
11.45-12.00 Conference Report  
12.00-12.15 News on 2  
12.15-12.30 Conference Report  
12.30-12.45 News on 2  
12.45-1.00 Conference Report  
1.00-1.15 News on 2  
1.15-1.30 Conference Report  
1.30-1.45 News on 2  
1.45-2.00 Conference Report  
2.00-2.15 News on 2  
2.15-2.30 Conference Report  
2.30-2.45 News on 2  
2.45-3.00 Conference Report  
3.00-3.15 News on 2  
3.15-3.30 Conference Report  
3.30-3.45 News on 2  
3.45-4.00 Conference Report  
4.00-4.15 News on 2  
4.15-4.30 Conference Report  
4.30-4.45 News on 2  
4.45-5.00 Conference Report  
5.00-5.15 News on 2  
5.15-5.30 Conference Report  
5.30-5.45 News on 2  
5.45-6.00 Conference Report  
6.00-6.15 News on 2  
6.15-6.30 Conference Report  
6.30-6.45 News on 2  
6.45-7.00 Conference Report  
7.00-7.15 News on 2  
7.15-7.30 Conference Report  
7.30-7.45 News on 2  
7.45-8.00 Conference Report  
8.00-8.15 News on 2  
8.15-8.30 Conference Report  
8.30-8.45 News on 2  
8.45-9.00 Conference Report  
9.00-9.15 News on 2  
9.15-9.30 Conference Report  
9.30-9.45 News on 2  
9.45-10.00 Conference Report  
10.00-10.15 News on 2  
10.15-10.30 Conference Report  
10.30-10.45 News on 2  
10.45-11.00 Conference Report  
11.00-11.15 News on 2  
11.15-11.30 Conference Report  
11.30-11.45 News on 2  
11.45-12.00 Conference Report  
12.00-12.15 News on 2  
12.15-12.30 Conference Report  
12.30-12.45 News on 2  
12.45-1.00 Conference Report  
1.00-1.15 News on 2  
1.15-1.30 Conference Report  
1.30-1.45 News on 2  
1.45-2.00 Conference Report  
2.00-2.15 News on 2  
2.15-2.30 Conference Report  
2.30-2.45 News on 2  
2.45-3.00 Conference Report  
3.00-3.15 News on 2  
3.15-3.30 Conference Report  
3.30-3.45 News on 2  
3.45-4.00 Conference Report  
4.00-4.15 News on 2  
4.15-4.30 Conference Report  
4.30-4.45 News on 2  
4.45-5.00 Conference Report  
5.00-5.15 News on 2  
5.15-5.30 Conference Report  
5.30-5.45 News on 2  
5.45-6.00 Conference Report  
6.00-6.15 News on 2  
6.15-6.30 Conference Report  
6.30-6.45 News on 2  
6.45-7.00 Conference Report  
7.00-7.15 News on 2  
7.15-7.30 Conference Report  
7.30-7.45 News on 2  
7.45-8.00 Conference Report  
8.00-8.15 News on 2  
8.15-8.30 Conference Report  
8.30-8.45 News on 2  
8.45-9.00 Conference Report  
9.00-9.15 News on 2  
9.15-9.30 Conference Report  
9.30-9.45 News on 2  
9.45-10.00 Conference Report  
10.00-10.15 News on 2  
10.15-10.30 Conference Report  
10.30-10.45 News on 2  
10.45-11.00 Conference Report  
11.00-11.15 News on 2  
11.15-11.30 Conference Report  
11.30-11.45 News on 2  
11.45-12.00 Conference Report  
12.00-12.15 News on 2  
12.15-12.30 Conference Report  
12.30-12.45 News on 2  
12.45-1.00 Conference Report  
1.00-1.15 News on 2  
1.15-1.30 Conference Report  
1.30-1.45 News on 2  
1.45-2.00 Conference Report  
2.00-2.15 News on 2  
2.15-2.30 Conference Report  
2.30-2.45 News on 2  
2.45-3.00 Conference Report  
3.00-3.15 News on 2  
3.15-3.30 Conference Report  
3.30-3.45 News on 2  
3.45-4.00 Conference Report  
4.00-4.15 News on 2  
4.15-4.30 Conference Report  
4.30-4.45 News on 2  
4.45-5.00 Conference Report  
5.00-5.15 News on 2  
5.15-5.30 Conference Report  
5.30-5.45 News on 2  
5.45-6.00 Conference Report  
6.00-6.15 News on 2  
6.15-6.30 Conference Report  
6.30-6.45 News on 2  
6.45-7.00 Conference Report  
7.00-7.15 News on 2  
7.15-7.30 Conference Report  
7.30-7.45 News on 2  
7.45-8.00 Conference Report  
8.00-8.15 News on 2  
8.15-8.30 Conference Report  
8.30-8.45 News on 2  
8.45-9.00 Conference Report  
9.00-9.15 News on 2  
9.15-9.30 Conference Report  
9.30-9.45 News on 2  
9.45-10.00 Conference Report  
10.00-10.15 News on 2  
10.15-10.30 Conference Report  
10.30-10.45 News on 2  
10.45-11.00 Conference Report  
11.00-11.15 News on 2  
11.15-11.30 Conference Report  
11.30-11.45 News on 2  
11.45-12.00 Conference Report  
12.00-12.15 News on 2  
12.15-12.30 Conference Report  
12.30-12.45 News on 2  
12.45-1.00 Conference Report  
1.00-1.15 News on 2  
1.15-1.30 Conference Report  
1.30-1.45 News on 2  
1.45-2.00 Conference Report  
2.00-2.15 News on 2  
2.15-2.30 Conference Report  
2.30-2.45 News on 2  
2.45-3.00 Conference Report  
3.00-3.15 News on 2  
3.15-3.30 Conference Report  
3.30-3.45 News on 2  
3.45-4.00 Conference Report  
4.00-4.15 News on 2  
4.15-4.30 Conference Report  
4.30-4.45 News on 2  
4.45-5.00 Conference Report  
5.00-5.15 News on 2  
5.15-5.

## Management Page

EDITED BY CHRISTOPHER LORENZ

# Garrard struggles to pull itself out of a dangerous groove

After Wednesday's article on Plessey's general problems, Jason Crisp examines what went wrong at its subsidiary Garrard, the famous maker of record changers and turntables.



Garrard's Blunsdon factory, due to close

Freddie Hamfield

IN ITS heyday Garrard Engineering employed over 4,000 people, made 2m record player units in a year and made money. By the beginning of next year its production will be down to 20,000 units a month, only 12 per cent of its peak, and it will employ less than 600 staff, around 15 per cent of its payroll only six years ago. And last year it lost £3.1m.

What went wrong? It was the Japanese, answers Garrard. They have not put their prices up and are "literally buying" their markets in the U.S., says Bill Dalziel, who is both Garrard's chairman and a main board member of Plessey, the parent company. The other main reason Garrard gives is a slump in the consumer audio electronic markets.

Yet in the very areas of production from which the company is withdrawing—the lower end of its range—there is no direct competition from the Japanese auto-changers. Moreover, Garth Woodbridge, deputy managing director of BSR, the British company which commands 75 per cent of the world market in record changers, says there has been no reduction in the audio market. The U.S. market is strong and he is expecting revival in the previously weak markets in the U.K., Europe and South Africa. BSR is currently

working flat out to meet the peak demand of the pre-Christmas buying season.

Since 1974 the company has recorded losses of nearly £10m, and last year it lost £5.1m on a turnover of £21.4m. On a monthly production of around 100,000 units last year, that means Garrard was losing an average of £5 a unit—and at the very bottom end of its range unit selling prices were only £8.

Last month the ailing company announced a 90-day consultation period under the Employment Protection Act to make redundant 1,250 of the remaining 1,330 employees. This represented a last-ditch attempt to staunch the losses which were continuing at a rate of £1m in the first quarter, says Garrard. It means the closing of its Blunsdon factory in Swindon, leaving just 350 workers at its Newcastle Street factory to keep the prestigious Garrard name in production.

As from the New Year,

Garrard will only produce at the top end of the turntable market—where there is direct Japanese competition—and will abandon such other enterprises as music centres.

City reaction to the announcement of the major cutbacks at Garrard was, in the short term at least, fairly favourable, because it foretold the reduction—not the end—of the massive drain on Plessey's profits.

The audio market is ferociously competitive, and the Japanese have thrown themselves into it with their customary determination. The market is particularly hard fought in America, where 50 per cent of Garrard products are sold.

But Garrard's failure is all the more striking in contrast to the success of the British owned BSR which has grown to dominate the world markets. It now has a weekly production of 240,000 record changers accounting for about 75 per cent of world production. Indeed, it is

famed for the number it exports to Japan itself.

Plessey bought Garrard Engineering from Garrard, the Crown Jewellers, in 1960. According to several observers of the company, the early signs of problems can be traced back as far as the mid-1960s; about the same time as BSR really began to take off.

For instance Derek Smith, managing director of Lack's, the hi-fi retail outlet, considers that, even then, Garrard's marketing performance compared poorly with that of BSR, which was known for its aggressive selling.

BSR's base has been its Ford Popular-type record changers, which it sells to original equipment manufacturers, OEMs, and one of its strengths has been its efficiency in production. For instance the company now makes most of its own components, which is economic because of the massive volume it requires.

In contrast Garrard's main

strength has been its reputation at the top—Rolls-Royce end—producing hi-fi turntables; its reputation enabled it to sell the middle range record changers also to the OEMs and at a premium to BSR. Whereas BSR has moved up-market, always building on its very strong mass market base, Garrard's own strategic direction seems to have been less well defined.

This apparent uncertainty must have contributed to a number of wrong decisions (discussed below) on specific products and on marketing, some of which Garrard's present management readily admit.

The essential difference between the two companies may lie in management style. BSR is run by a tightly knit group of executives who are in very close touch with the market—the chairman and deputy managing director read every telex coming into the company—and they are not subject to head office supervision; the marketing function is very much their responsibility, although BSR has a youthful and energetic sales director in Roger Allen (32), who sports an MBE for exporting.

A third point, often commented on by outsiders, is the close co-operation between BSR and its customers, the original equipment manufacturers. As one observer remarked: "They produce what the OEMs want,

in the quantity they want, at a very competitive price, and usually on time. Garrard has failed to keep close enough to the consumer."

After the latest rationalisation Garrard plans to produce only at the top end of its range and with a greatly reduced output of around 20,000 units a month compared with 80,000 to 100,000 just before the rundown announcement in September.

One mystery which has puzzled some observers is why Plessey has never sold Garrard. Twice in 1970 there were merger talks between Plessey and the renowned Dr. Daniel McDonald—BSR's founder and at that stage its major shareholder—but each time no agreement could be reached.

The other known bid for Garrard was in 1973, by the U.S. quoted company Annet, parent of Garrard's old North American distributors. According to Geoffrey Bowden, the then general manager, there was considerable support among the shareholders for the takeover, and he believed

that the two companies were "playing in the same ballpark" as far as figures were concerned. Bowden reports that the Garrard management team was disappointed when the deal explicitly fell through.

Bowden also makes the point that Garrard was very much the odd man out in Plessey, being its only producer of consumer products. This is true in marketing terms, but in the 1960s Garrard had slotted well into Plessey's range of electro-mechanical assemblies.

The dropping of the bottom end of Garrard's production line will inevitably give a boost to BSR, but Garth Woodbridge puts it into perspective. "What they make in a year is not much more than a week's production for us."

The question remains as to Garrard's future. There is considerable speculation that Plessey will sell the company once the rationalisation has gone through, although this is a subject that Plessey, understandably, will not discuss. In the meantime, one of the

brighter spots for the company itself is its latest development, according to its general manager, Mike Parson. Garrard hopes that by August next year it will have its own direct-drive motor in manufacture—it currently imports from Japan—which he says contains an innovative breakthrough. Production is to start in April and Garrard is aiming for 50,000 a year.

By 1980 Garrard reckons 40 per cent of record changers will be direct drive—in 1976 it was only 5 per cent.

Although Dalziel and Parson are at the receiving end of the multitude of brickbats being hurled at Garrard, the crisis is clearly not of their doing. Dalziel, reckoned by some as Plessey's best company doctor and a survivor from the days of Plessey's founder, Sir Allen Clark, only took on the problems at the end of last year. But by that time the competitive battle was all but lost and, as the Plessey management saw it, there was no alternative to retrenchment.

## A tragedy of errors

ONE OF the errors, albeit seen with the benefit of hindsight, which chart Garrard's decline is made in 1974, when it decided to drop its U.S. distributorship of over 20 years' standing, and to take it on itself. Bill Dalziel, chairman of Garrard—but not at that time—defends the decision. He says it was made because Plessey saw the profits being made by its distributors, BIC, and wanted them for itself. And he says the company could not have foreseen the subsequent collapse of the audio market at the end of 1974 and through 1975.

But Geoffrey Bowden, who until 1974 was Garrard's general manager, is convinced it was a fundamental mistake.

The U.S. market is very important to all manufacturers of audio equipment—currently it takes 50 per cent of Garrard's production and 70 per cent of BSR's.

One of Garrard's great selling advantages in the middle and lower end of its products was always its high-quality name, gained from the top of the line, enabling it to sell at a premium to BSR throughout its range. When Garrard cancelled the distributorship, BIC dumped its considerable stocks on to the American market, leaving Garrard in the unenviable position of starting a new distributorship in a country already saturated with its own products.

BIC also bought a factory

from Magnavox and retailed it—its share halved from 16 per cent to 8 per cent.

With exports accounting for the lion's share of UK record changer production, the effect on Garrard's results was dramatic; its £1.6m profit to the year ending June 30, 1974, turned into a £1.7m loss in the nine months to March 1975. A year later it recorded losses of £12m. It is a measure of BSR's efficiency that it just remained in profit over the same period, in value terms. This fall was even sharper in terms of the number of units Garrard ex-

ported—its share halved from 16 per cent to 8 per cent. With exports accounting for the lion's share of UK record changer production, the effect on Garrard's results was dramatic; its £1.6m profit to the year ending June 30, 1974, turned into a £1.7m loss in the nine months to March 1975. A year later it recorded losses of £12m. It is a measure of BSR's efficiency that it just remained in profit over the same period, in value terms. This fall was even sharper in terms of the number of units Garrard ex-

ported—its share halved from 16 per cent to 8 per cent. With exports accounting for the lion's share of UK record changer production, the effect on Garrard's results was dramatic; its £1.6m profit to the year ending June 30, 1974, turned into a £1.7m loss in the nine months to March 1975. A year later it recorded losses of £12m. It is a measure of BSR's efficiency that it just remained in profit over the same period, in value terms. This fall was even sharper in terms of the number of units Garrard ex-

ported—its share halved from 16 per cent to 8 per cent. With exports accounting for the lion's share of UK record changer production, the effect on Garrard's results was dramatic; its £1.6m profit to the year ending June 30, 1974, turned into a £1.7m loss in the nine months to March 1975. A year later it recorded losses of £12m. It is a measure of BSR's efficiency that it just remained in profit over the same period, in value terms. This fall was even sharper in terms of the number of units Garrard ex-

GT stood for a brand new Garrard mechanism which was to be introduced across the range of products the following year. Mike Parson who joined Garrard from Rank Radio in September 1976, as general manager and director says that one of the problems with the introduction of the GT mechanism was the considerable time pressures put on production engineering.

The interval between concept and production start up is normally two years, but the GT range was needed for introduction in 18 months and it missed part of the valuable "season." A further problem was that the product needed a major facelift

to produce a design with the sleek "Japanese look" which Garrard says the market wanted. While the new mechanism was financially viable at the top end of the Garrard range, at the bottom end the cost of production was greater than its selling price. As Bill Dalziel puts it, "it was a bit over-designed."

But perhaps one of the most damaging decisions in the OEM market was Garrard's attempt to put record changers on a new type of base plate called a kidney plate. It was a totally new concept. Although it had been alienated some of Garrard's own OEM customers who had expressed a liking for

the idea, orders turned out to be conspicuous by their absence when it was produced. Garrard is frank about this mistake: "It was a cock-up... there was no way you could sell it in the U.S.," says Mike Parson.

Other individual decisions which proved unsuccessful include attempts to broaden the product base by moving into cassette and eight-track cartridge mechanisms as well as music centres. All were highly competitive markets and proved to be disappointing for Garrard. And as one critic pointed out, selling music centres may well have alienated some of Garrard's own OEM customers who were making a similar product.

## The pitfalls of manpower planning underground

THE PROFESSIONAL mining man could be compared with a diplomat, in that he often moves from country to country. But it is one of the facts of life that mineral deposits are not generally found in capital cities, and he has to be ready for a life wearing in jungle or desert or hibernating in the cold of the underground.

Metals mining is, as the recruiting booklets have it, a select profession. Indeed the membership of the professional body, the Institution of Mining and Metallurgy, is only about one-twelfth of that of the Institution of Civil Engineering.

But there is a danger that the profession may be becoming a little too select. A boom in minerals demand during the 1980s could find professional manpower stretched, with not enough graduates emerging from the nine UK establishments which offer courses in one or both of mining engineering and mineral processing.

Mr. Geoffrey Cox, director of the Mineral Industry Manpower and Careers Unit in London, explains that the supply of mining engineers and the availability of first jobs for them is at about in balance. But when comes to mineral processing

engineers, there are two or three jobs available for every graduate, reflecting the fact that there are only three well-established university courses in mineral processing and they have developed only in the last ten years.

The number of mining engineers looking for jobs is between 150 and 200 a year. But the number of mineral processing engineers is under 100. About half will go overseas, often taking their first job in South Africa or Zambia, where they gain experience before branching out into the U.S., Canada or Australia.

For geologists, the position is quite different. Geology is a school subject—mineral engineering and mineral processing do not appear in the GCE curricula—and with up to 700 geology graduates coming through the universities every year, there is not enough room

### GRADUATE COURSES

Camborne School of Mines  
North Staffordshire Polytechnic  
University of Birmingham  
University of Leeds  
University of London  
(Imperial College)  
University of Newcastle  
University of Nottingham  
University of Strathclyde  
University of Wales (Cardiff)  
\* in mining engineering and/or mineral processing.

for them in the minerals industry. About half become teachers.

To some extent this embarrassment of riches in one discipline and shortage in another reflects the difficulty of manpower forecasting in the mineral industry. It is difficult to build up a base of data which can be run through computers with the aim of predicting manpower needs, since many of the professionals work in a contract environment, taking jobs for three years or less. Many professional mining men change their jobs three times in the first ten years of their careers. At the same time, the present the preoccupation is industry itself is abnormally high. There are few metal mining groups who would want, or indeed would be able to bear any, the precise tonnages they will be producing in ten years' time.

But this is not to say that the industry is not concerned about what goes on in the

universities and mining schools. The Mineral Industry Manpower and Careers Unit was born from concern in the boom years of 1969-70 that there would be a shortage of professional personnel. It is funded in the main by the UK mining finance houses.

In the early 1970s, the Unit went through a number of manpower forecasting exercises. The conclusions it published in 1973, based on data collected up to 1973, have proved accurate to the extent that they predicted the good match between jobs and opportunities for mining engineers and the developing shortage of mineral processing engineers.

But the uncertainties of future development in the industry made it impossible to build up a base of data which could be used on a continual basis.

Thus, as far as the careers policy is concerned—it is not a recruiting agency—it has to work by a rough rule of thumb, based on a general economic analysis of what the industry is likely to need. At the same time, the present the preoccupation is industry itself is abnormally high. There are few metal mining groups who would want, or indeed would be able to bear any, the precise tonnages they will be producing in ten years' time.

But this is not to say that the industry is not concerned about what goes on in the

four years of the graduate course. The Unit is now actively encouraging more students to study for mining degrees.

It is doing this through a network of links built up with some 300 schools and what it calls the Phoenix Programme. Regular contacts between the Unit and the schools enables an interchange of information about availability of students and what might be in store for them when they graduate.

Phoenix is essentially aimed at providing information for the schools about the arts and science of minerals and the nature of the decision-making which faces a mining group when it looks at a deposit and considers exploitation. It works in three phases.

First there is a week-long induction course for teachers only. They go to a local orebody and do a feasibility study, trying to decide whether money might be spent on development. This is followed up with special courses for teachers, generally lasting four or five days, when they consider the application of mathematics, physics and chemistry to minerals.

The third phase brings in the students, who come with teachers to do field work on minerals: followed by laboratory work in the school and simulated decision-making. Phoenix has worked well enough for similar programmes to have been set up in South Africa, but with only a limited number of UK institutions offering courses in the discipline the mining industry needs, the flow of students to the mining profession must inevitably be restricted.

Paul Cheeseright

## At the Selfridge Hotel, we put you first.

Some hotels boast of their superb, old-fashioned service. Some offer you every modern comfort. The Selfridge Hotel promises you both.

Our service isn't merely good, it's an art form. From the moment you step inside our impressive reception, you're treated as the most important person in our lives, whether you're in London on business or for pleasure.

We're in the very heart of London, within walking distance of all the places you want to visit and next door to

Oxford Street itself.

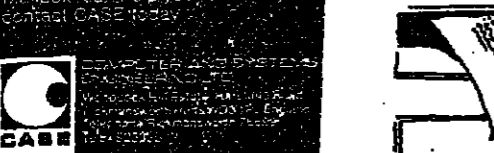
Yet your air-conditioned room is as quiet and peaceful as can be (triple glazing takes care of that).

Enjoy a gourmet meal in Fletcher's Restaurant; one of the finest in London. Or a more informal meal in our pretty Fimic Basket restaurant. There's 24-hour room service. Marvellous comfort. Friendly, welcoming staff whose business is to make sure everything goes your way.

So that you'll come back our way, again and again.

### CAN YOU AFFORD TO WAIT?

Messages can be delivered faster and cheaper with CASE COMMUNICATIONS SYSTEMS. To find out how the CASE Electronic Mailbox CASE can save your company



CASE

"I thought metrification was miles away."

A46  
Lincoln 19 Km  
Newark 45 Km  
(Nottingham 77 Km)  
Leicester 101 Km

Give the Eurocrats 2.54 cm and they'll take 1.609 km. Then, before you know it, the total metrification of British industry will be upon us.

Not all at once of course. Centimetres are already inching their way in. Then we'll drop pounds before the lengthy process ends with tonnes replacing tons. That'll make specifying by phone tricky.

Specifying by computer though will be as simple as ever. Sperry Univac computers and programmes make short work of the biggest problem.

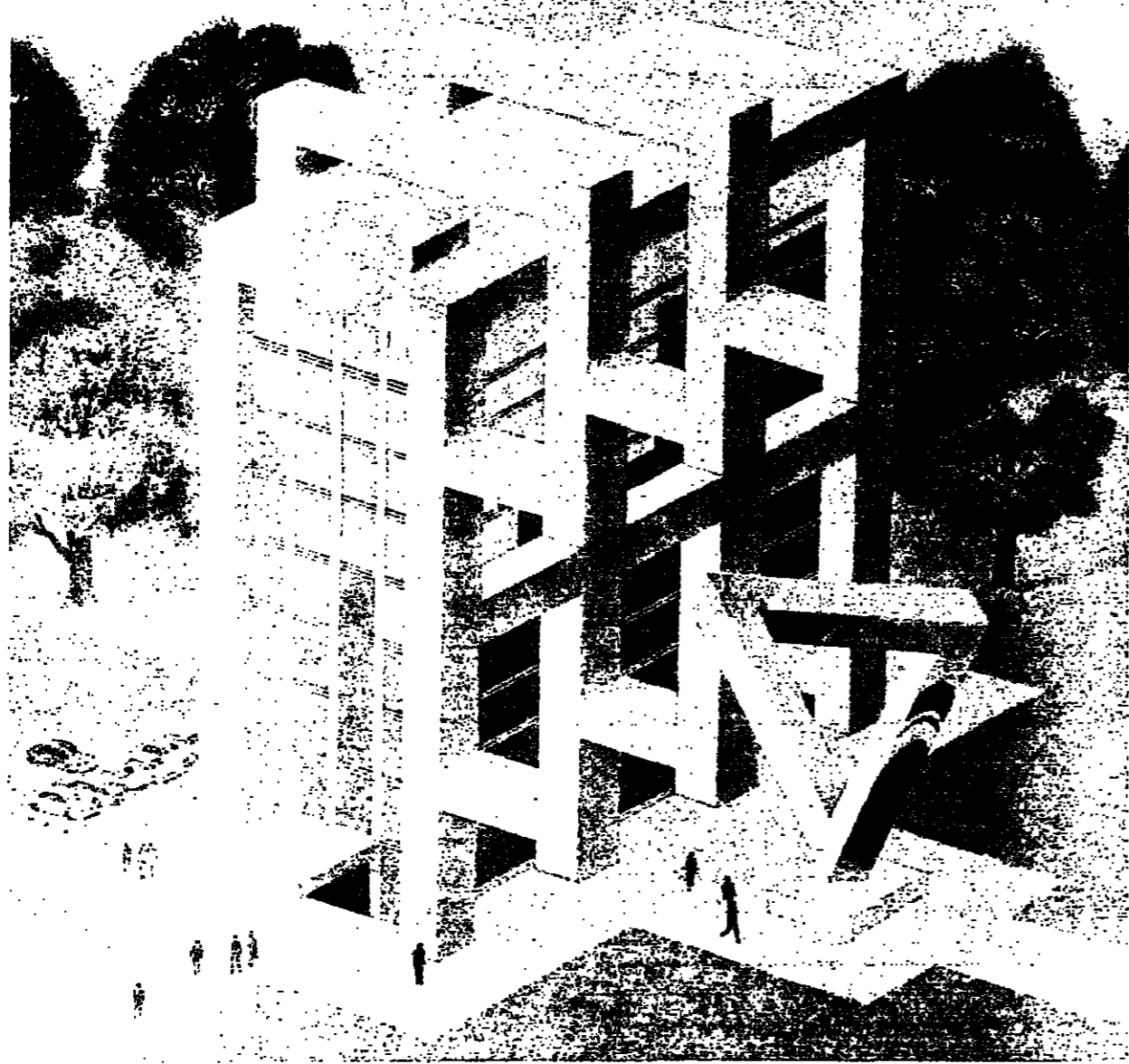
Like the famous 90 and 1100 series. The mainframes around which we design our unique and sophisticated systems.

Or the BC/7 small business computer. It actually tells you step by step in plain English, how to find the answer you're looking for.

And the V77 minis keep everyone informed of the latest changes. Their flexible communications facility allows literally hundreds of separate terminals. So, now you know metrification is just around the corner talk to Sperry Univac. With our comprehensive range of computers and distributive systems, no problem is immeasurable.

Write or telephone the Marketing Director, Sperry Univac Centre, London NW10 8LS. Telephone: 01-961 2110.

SPERRY UNIVAC  
COMPUTER SYSTEMS  
SPERRY UNIVAC IS A DIVISION OF SPERRY RAND LIMITED



**If it's impossible,  
get Bovis to build it.**

Bovis Construction Limited,  
Bovis House, Northolt Road, Harrow, Middx, HA2 0HE.  
(Tel: 01-422 3488) Telex: 922810  
Please send me details of your services

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
Tel: \_\_\_\_\_

**Bovis**

Fifty years of  
professional building:  
1928-1978

To meet an 'impossible' programme on one of our  
contracts we built floors upwards and basements  
downwards at the same time.

For a new department store we used a few large piles in  
the foundations instead of several dozen small ones and  
opened it in time for Christmas instead of the following  
February.

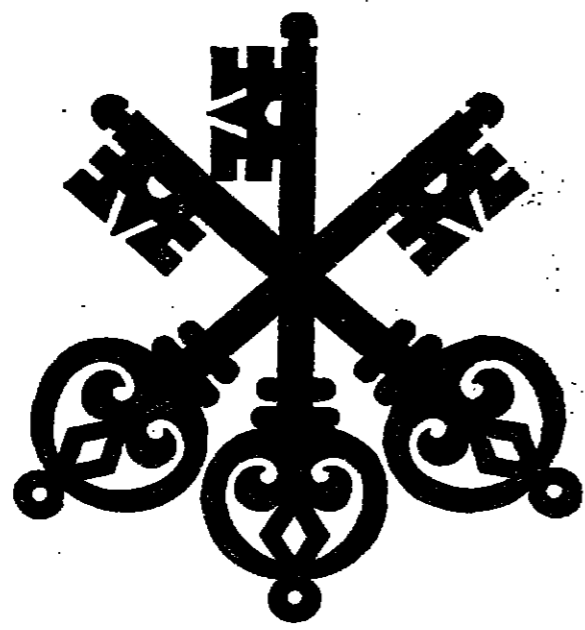
We are doing this sort of thing all the time. It's partly  
technical ability; but mainly it comes down to being  
professional. We are not easily taken by surprise, and nor do  
we allow our clients to be: with us you will always know  
where you stand on costs, completion date and quality.

To prove it, we have an impressive array of awards, and  
the fact that 75% of our business comes from people we've  
worked for over and over again.

If you would like to take us up on any of this, ring  
Harvey Davis on 01-422 3488; he'll be glad to go into  
details. Or send the coupon.

## Foreign exchange:

**A word with the key Swiss bank  
could open the way for you.**



Foreign  
exchange.  
Say the word  
to the Swiss Bank  
Corporation.

You could find that the subject acquires  
a new value.

Because the Swiss Bank Corporation is  
the key name in Swiss banking.

Our expertise in foreign exchange  
transactions results from our operations in  
the most important currency markets  
in the world.

Our banking experience stretches as far  
back as 1872.

And our reliability and stability are what  
you'd expect of one of the biggest Swiss banks.  
Talk to us about foreign exchange.

Or about financing, underwriting, or transfers.

A name that could open the way for  
you...

You'll see  
why the Swiss  
Bank Corporation  
is a name to be  
reckoned with.

**Swiss Bank Corporation**  
Schweizerischer Bankverein  
Société de Banque Suisse

Total assets (end 1977): Sfr. 55,710 million. Customers' deposits:  
Sfr. 30,371 million. Capital and reserves: Sfr. 3,235 million. Advances  
to customers: Sfr. 20,155 million. Net profit: Sfr. 237 million. Number  
of staff: 11,500. General Management in CH-4002 Basel. Aeschenvorstadt 1,  
and in CH-5022 Zurich, Paradeplatz 6. Over 170 offices throughout  
Switzerland. Branches in Atlanta, Bahrain, Chicago, London, New York,  
Singapore, and Tokyo. Subsidiaries, affiliated companies  
and representatives in over 20 other countries throughout the world.

## Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

### ● MATERIALS

## Lubricant coat sticks tight

ON TEST in a North Sea installation is a series of coatings which rely on a development by a UK engineer relating to methods of linking low-friction coatings to standard production nuts and bolts, etc.

Brief reflection will show how important this development could be in the highly corrosive marine/oil exploitation environment, particularly if the coatings will—as expected—keep nuts and bolts from seizing up through corrosion from salt spray and chemical attack.

Specifically, the development would allow coatings to be applied which will withstand constant exposure to temperatures running up to 400 deg. F. Coatings can also be provided which have low friction effects coupled with good anti-corrosive properties, preferred subjects being the stud bolt sets which join pipe flanges to valve flanges. This is very important in that it should give a significant improvement in working conditions for divers who need to carry out replacement work or effect new connections, working against the clock.

Coatings of this type have been available for some time, but the developer claims, they have tended to break down and leave operators with the same problem as before.

The secret, according to Mr. Alex English, is the pre-treatment method which achieves a finish on the components to one-tenth of a thou and ensures an excellent key between the surface and its thin fluorocarbon coating.

Another development is a method of cold-galvanising which

eliminates the threat of distortion inherent in hot-dip methods. Further details of the treatments from Mr. English at 28, Inveresk Place, Coatbridge, Lanarkshire ML5 2DA. Cost: bridge 24451.

## Keeping the timber healthy

A NEW BSI code of practice, BS 5589 Preservation of timber, will contribute towards the conservation of timber. The durability of timber (and derivatives such as plywood, chipboard and fibre boards) depends largely on correct specification and sound design, particularly for timber used in buildings. Nevertheless, for optimum performance, it is often necessary to increase natural resistance to decay and insect damage by treatment with wood preservative.

The question of how and when to specify such treatment calls for professional consideration of several important factors, particularly the design and expected life of the component and the economics of treatment. BS 5589 gives general guidance on these and other aspects and complements an existing standard (BS 6858, Part 3) which deals with the treatment of constructional timber, mainly for use in buildings.

The new code has been expanded to cover external woodwork in buildings and out of contact with the ground; agricul-

tural and horticultural timbers; timber in permanent or intermittent contact with sea or fresh water; timber for use as packing in cooling towers; and fencing.

The code makes recommendations for a range of processes and treatment levels according to the severity of the environment concerned and the natural durability and suitability of the timber selected.

A significant innovation is the inclusion of performance tables which suggest treatments to protect different species of timber throughout periods of service. In addition, reference is made to a series of specifications published by the British Wood Preserving Association, which also produced the original drafts on which the new code is based.

BS 5589 from BSI Sales Department, 101 Pentonville Road, London N1 9ND. Price £5.50. Telephone 01-629 9000.

## A good life look for less cost

FOR SOME years, wallpaper appears to have been regarded as a cheap and cheerful product. Whether applied by home decorators or professionals, it rang instant changes in the home, hotel or restaurant and was often replaced within a few years by different or more contemporary designs. However,

since people are spending more than ever before on furniture, carpets and fittings, they have started to look for more opulent and lasting decor.

Although foil wallcoverings and flock-finished papers with a 3D effect have become very popular, there are constantly new products being introduced, ranging from about £12 to £20 a roll. Acrylic fabrics, for example, are available in a wide range of colours and finishes, and can cost up to £50 a roll.

A number of D.I.Y. decorators will save on labour costs by applying better wallcoverings but have often been frustrated by the time-taking and other things problem of coping with the chronic edge curl on foil wall coverings, a task ably dealt with by experts.

A manufacturer claims to have overcome the latter problem with the production of a foil covering whose backing paper is impermeable to water, thus obviating the curling edge disadvantage.

Also developed is a process using the flocking technique to produce effective foil wallcoverings at about half the price of wallcoverings using the traditional method.

Now, says Mayfair Wallcoverings, it is possible for users to invest in a high aesthetic standard of decor with a minimum budget.

Its new techniques will be included in the company's latest range which is to be launched on January 1 next year.

Meanwhile, more from the maker, Commercial Plastics at Gramlingham, New Town, Northumberland (067 071 533).

### ● PERIPHERALS

## Mini range extended

WITH THE announcement yesterday of an important extension to its 1500 Series mini-computers, ICL is apparently proposing to use this range, inherited from Singer, as the basis for much of its distributed processing work.

The new 1505 has been designed so as to suit the demands of many users for a machine which simplifies communications between offices. At the same time the floppy disc available with the unit will make it easy to send out information which can be understood both by ICL and by other manufacturers' computers.

The ICL 1505 has been installed in various versions all over the world, the latest count taking the total to 10,000.

Prices now run from a little over £3,000 to just under £10,000 for a typical layout of the new 1505.

### ● RESEARCH

## Financial support

THE NORTH West Region Marine Technology Consortium has been awarded a Science Research Council grant of £228,000 for a three-year programme of marine technology problems.

The programme consists of 20 projects in the areas of environmental forces, fluid mechanics, structures, materials, economics and life sciences.

THE Department of Industry's Engineering Materials Requirements Board (EMRB) is to contribute £580,000 towards a three-year programme of research at the British Glass Industries Research Association, and £163,000 (50 per cent of the cost) towards a three-year project to develop an improved strand annealing furnace at the BNF Metals Technology Centre.

### ● MACHINE TOOLS

## Where precision pays

BECAUSE NO less than 90 per cent of a company's production of cigarette making machinery is destined for export markets, and particularly developing nations where skilled labour is at a premium, accuracy of components is vital if the machines are to continue in fault-free operation.

With this in mind, the manufacturer of the machinery, Molins, chose six Warner and Swasey I-SC numerically controlled lathes, which are the nucleus of the former company's turning centre at its High Wycombe factory.

Since the utilisation rates of the six lathes are all in excess

of 95 per cent, the percentage of production time lost through machine breakdown and the shortage of tools, jigs and blue prints, has averaged out at only 1.8 per cent, says the company. One facility which aids performance is the use of Mitron programming on a computer installed in the U.S. via a communication satellite.

Within one hour of transmitting data, Molins receives a part programme which includes selection feeds and speeds and a selection of tools based on its standard tooling package.

Further from Warner and Swasey, Bristol Street House, 136-182, Bristol Street, Birmingham, BS 7AZ (021-622 1581).

### ● DATA PROCESSING

## Population and housing

AN INSTANT area analysis system which can provide users with all the population and housing information for any area of Britain is available from Comshare Limited.

Called "Site" it has a range of general commercial and government applications using data from the 1971 Census of Housing and Population. The form in which this data has been released by the Office of Population Censuses and Surveys ensures that it is impossible to identify individuals.

For example, Site can help evaluate alternative locations, estimate sales potential, identify factors contributing to successful operations of branch outlets, find target audiences for advertising, allocate territories and estimate market shares.

In the government sector, Site is especially useful for helping agencies position social service facilities and estimate demand for services such as transport, education and health facilities.

All a user has to do is to give the location and shape of the area for which information and analysis is required. This can be described geometrically or using a building block approach with predetermined areas (for example, Enumeration Districts, Wards, Local Authorities or Counties).

The program then goes directly to its database and accumulates the information for the specified areas. It prints this accumulated information in clear, concise and easy to understand report form.

A user may compare area information for several areas, or compare his statistics with the national figures—even compare specific area data with a range of statistics for standard areas. These include Counties, Local Authorities, standard regions, conurbations, new towns, hospital regions, as well as Parliamentary constituencies, reorganised Counties, Scottish Regions and Districts.

Comshare, 32, Great Peter St., London SW1P 2DB. 01-222 5665.

### ● ELECTRONICS

## Modem from UK maker

A BRITISH manufactured data transmission modem operating at 4800 bits/sec is now in production at Borer Electronics, Wokingham, and since it is already gaining market acceptance should allow some important substitution.

The company, which is now part of the Swiss-owned Inver group, has doubled its head count in the last twelve months and now has new premises under consideration.

The unit, called 4831, is designed for operation at point-to-point four or two wire modems, leased lines, or dial-up circuits. Changes from leased to public switched lines is by depression of one front panel switch.

Design is based on large scale integrated MOS chips and signal processing is digital throughout. The demodulator is actually a special purpose computer with storage, data bus and an arithmetic logic unit.

Error rates are in the region of one in a million, achieved by a combination of phase and amplitude modulation with good filtering, use of a "maximum likelihood" detector and an adaptive equalisation.

The unit includes self-test and system test facilities for easy loop-back testing and fault isolation. An internal pattern generator provides signals for audio and digital tests. A front panel lamp showing errors. Loop-back testing can be controlled remotely if necessary.

Meeting the CCITT V.24 requirements, the modem measures 6.5 x 18.5 ins and weighs 20 lb. Two versions are mounted side by side in a 19 inch rack.

Borer is at Fishponds Close, Wokingham, Berkshire RG4 2QL (0734 783372).

### ● TRANSPORT

## Simple idea could save lives

SIGNIFICANT ADVANCES in repair work does not spell danger to the driver.

Energetic attempts to dislodge the Denloc beads from the wheel rim, even with no pressure in the tyre, have failed. The tests were carried out both on test vehicles and on high speed force cornering machines. But servicing and replacement can be carried out using standard equipment and procedures.

The company is discussing marketing and licensing implications of the Denloc idea with vehicle makers and government organisations.

It has been presented to the National Highway Traffic Safety Committee in Washington recently with considerable success.

The wheel to take the lipped tyre is a slightly more complicated pressing than standard wheels and the two types of tyre are not interchangeable. But it would, presumably, be fitted as standard equipment on vehicles during the next production year, would be produced in series and thus should cost very little more than the design it is displacing.

One salient feature of the Denloc development is its simplicity to obtain a major effect, generally the hallmark of a good idea. It could do for Dunlop what the Denovo development should have done but didn't.

Further details of the development from Dunlop at 10-12, King Street, London SW11 6RA. Tel: 01-830 6700.

repair work does not spell danger to the driver.

Energetic attempts to dislodge the Denloc beads from the wheel rim, even with no pressure in the tyre, have failed. The tests were carried out both on test vehicles and on high speed force cornering machines. But servicing and replacement can be carried out using standard equipment and procedures.

The company is discussing marketing and licensing implications of the Denloc idea with vehicle makers and government organisations.

It has been presented to the National Highway Traffic Safety Committee in Washington recently with considerable success.

The wheel to take the lipped tyre is a slightly more complicated pressing than standard wheels and the two types of tyre are not interchangeable. But it would, presumably, be fitted as standard equipment on vehicles during the next production year, would be produced in series and thus should cost very little more than the design it is displacing.

One salient feature of the Denloc development is its simplicity to obtain a major effect, generally the hallmark of a good idea. It could do for Dunlop what the Denovo development should have done but didn't.

Further details of the development from Dunlop at 10-12, King Street, London SW11 6RA. Tel: 01-830 6700.

## Commercial vehicles

AMONG EXHIBITS to be seen at the Motor Show at the NEC, Birmingham (October 20-29) will be a range of tall-lifts with push-button control and slam lock closure of the folding platform, from Ratcliff Tail Lifts, Welwyn Garden City, Herts.

The redesigned (and altogether more refined) lift is of the company's established column-either side configuration. There are no slotted-peg fasteners and no manually controlled stop valve in the hydraulic circuit (originally there to prevent creep-down of the lift). The need for such items, say the company, is eliminated by the slam-lock closure, by which the folded platform is held positively while travelling.

There is no bouncing of cables and that relieves the cables of load except when the tail-lift is being used.

The slam locks (one on each side of the platform) are released by a single handle recessed beneath the platform. The handle can be reached by a person standing on the ground.

A lightweight version of the Linkliner sliding side van body has been developed by the maker, Boalloy, Congleton, Cheshire, which is to be shown at the NEC.

The structure is made entirely of aluminium-alloy and, generally suitable for payloads up to 5 tons, the body itself weighs only a ton. It is said to be especially appropriate for 7.5 tonne gross vehicles for which a heavy goods driving licence is not required, and gives a load capacity of 10 tons.

quarter-ton saving on a standard Linkliner. Demonstrating the growing appeal of curtain-walled trucks for urban deliveries, this company is also showing its Ratcliff Tail Lifts, Welwyn Garden City, Herts.

The exhibit is the latest version of vehicle to be bought by Wharfedale and is on a two-axle 14 ton gross Dodge Commando or low-profile tyres, giving a laden height of only 43 inches. Back behind portholes in the door aluminium side rails provide handy storage for the carbon dioxide cylinders to assist belt dispensing.

All Taillifters now have an anodised-aluminium track and curtains, says the company, and are fitted with special nylon runners that are profiled to slide easily even when displaced at an angle.

Said to be extra-versatile, the curtain-sided 40 feet semi-trailer version of this truck. All sorts of load and handling methods can be tackled—something particularly useful in a rental fleet.

This will be seen on the company's stand, too, and is one of a hundred or more Fruehauf and Taster chassis for Transport International Pool.

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services department, and gives a source for the material.

## FINANCIAL TIMES SURVEY

Friday October 13 1978

## Banking in France

With its large State sector the banking system in France is even more the tied agent of Government monetary policy than in most other countries. But it nevertheless chafes under the present austerity programme—and its protests are now mingled with a growing volume of complaint from other sectors of French society.

## Still held in check

By Robert Mauffner, Paris Correspondent

THE BIG question mark over the French economy is whether the Prime Minister Raymond Barre's austerity policies are eventually going to succeed. What was originally no more than a programme to curb inflation, restore equilibrium to the trade balance and stabilise the franc has been fleshed out since the election into a fully fledged industrial policy. The economics professor could well be relieved of his post before his task is completed.

Britain's experience has shown that while unpopular economic policies are reluctantly swallowed by the unions and the electorate for limited periods if the country can be persuaded that it is on the brink of an abyss, they must be seen to work fairly rapidly.

But opinions in France this autumn are sharply divided as to whether M. Barre's medicine is in fact providing the radical cure for France's economic ills which he promised when he was appointed Prime Minister in August, 1976.

To do him justice, he has always said that it would take three years before the patient would turn the corner; no quick remedies were possible. The basic conditions for a lasting recovery must first be created, even if it meant the temporary abandonment of France's traditional policy of rapid growth—which in any case was no longer realistic in the context of an international recession.

M. Barre has been fortunate in that the Centre-Right coalition's comfortable general elec-

## Undermined

In the eyes of M. Barre the efficiency of French industry and its ability to compete in world markets has been undermined for too long by dirigiste policies compounded by feather-bedding by the State. To survive in an increasingly competitive international climate industry's profit margins and thus its capacity to invest must be restored.

The immediate post-electoral period, when the Government could still claim there was a national consensus for its policies and the Left-wing opposition was in a state of complete demoralisation, was clearly a good time to carry out these fundamental reforms. Industrial prices were freed and the State-owned utilities were allowed to raise their tariffs, on the understanding that the huge and mounting Government subsidies from which they benefited would be progres-

sively reduced.

The counterpart of this policy was that "lame ducks" were given to understand that they could not automatically obtain financial aid to keep them afloat. Given the tens of thousands of jobs involved in some ailing sectors like textiles, shipbuilding and steel, which could hardly be allowed to go to the wall without undermining the whole structure of the economy, this was a difficult principle to respect.

However sound the political timing of the new industrial policy—it could hardly have been introduced at the end of a legislature—it has nothing to help M. Barre's shorter term economic stabilisation policy. After two years of what is described rather exaggeratedly in France as an "austerity" programme, the results of the successive Barre plans have been no more than mixed.

On the credit side are the trade balance and the performance of the franc in the international exchange markets. The trade balance, which was cut by

half to just over FFfr 11bn last year, has shown a regular monthly surplus since the beginning of the year—with the exception of August when it slipped back into a FFfr 1bn deficit. But August is never a typical month because of the holiday season, and the results were further distorted by aircraft purchases. The official forecast for the whole of 1978 is that the trade account will be in surplus to the tune of FFfr 7bn.

Much of the improvement can clearly be put down to the sound performance of the franc over the past six months. The troubles of the dollar have been a boon to the economy—despite all the carping that goes on in France about the inequities of floating exchange rates. Between February and July the franc appreciated by as much as 10 per cent against the dollar, which is the currency used to pay for France's very substantial oil imports, which supply as much as 75 per cent of its total energy require-

ments. The favourable trend in the terms of trade, however, is not entirely due to the franc-dollar rate. During the same period the franc also appreciated by more than 9 per cent against a basket of currencies of its main trading partners—and even by 8 per cent against the European "snake" currencies, including the D-mark.

In the circumstances the comparative failure of M. Barre to deal with the problem of inflation is all the greater, since an appreciating currency should normally have a substantial effect on domestic prices. Instead, inflation is once again running at an annual rate of more than 10 per cent, and the probable outcome at the end of the year is currently estimated at 9.4 per cent compared with 9.1 per cent in 1977.

The Prime Minister can hardly be accused of laxity. Since his appointment he has steadfastly refused to reflate the economy, sometimes in the face of heavy pressure even from within the Government

camp. Though the budget deficit this year will be some where in the region of FFfrs 27bn compared with the FFfrs 9bn announced originally and a deficit of FFfrs 15bn has been budgeted for 1979, a tight rein has been kept on credit policy and the expansion of the money supply.

The banks, in spite of all their protests, continue to be subject to credit growth ceilings which could even be made more severe next year, while the money supply expansion target for 1979 has already been lowered to 11 per cent from 12 per cent this year.

The main cause for the high rate of inflation, therefore has to be looked for elsewhere. Partly it is the price M. Barre is paying for his new industrial policy, though he claims that it is only a temporary phenomenon. The freeing of industrial prices, it is now more widely accepted, is not inflationary in the longer term because rises are kept in check both by domestic and international competition, on the other

hand it is clear that the authorised increases in transport and other public sector tariffs have produced a sharp rise in the cost-of-living index.

Wages policy, too, has been less restrictive than is often made out. While the British Government's strict incomes policy has provoked a fall in UK living standards over the past two or three years, this has not been the case in France, where wages and salaries are inflation-indexed.

Official policy is to allow small real increases in purchasing power for only the lowest paid categories of workers, but in practice the rise has been much more general than that. Hourly wages jumped by as much as 5 per cent in the second quarter of this year, the biggest increase recorded since the corresponding quarter in 1974, and the equivalent of a rise in purchasing power of 2.1 per cent, given that retail prices rose by only 2.9 per cent during this period.

Unemployment is the Prime Minister's hallmark but he must realise in his heart of hearts that time is not on his side. Even the official forecasts indicate only a slow improvement in the situation. GNP next year, it is true, is expected to rise by 3.7 per cent compared with 3.2 per cent in 1978, but this is well short of the 4.5 per cent required even to keep unemployment stable.

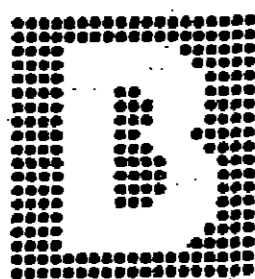
Industrial investment, while expected to rise by 6 per cent as against 4.2 per cent in 1978, is not really reckoned likely to pick up until the middle of next year, and consumer demand, which has been the main "motor" of the economy during the first few months of this year, is forecast to rise only marginally faster in 1979—by 3.3 per cent compared with 3.6 per cent.

Even the inflation rate forecast for 1979—some 8 per cent compared with nearly 10 per cent this year—hardly marks a big enough improvement to strike joy into either the Prime Minister's or the unions' hearts.

## BNP Group

Banque Nationale de Paris, France's leading commercial bank, has an international network extending over sixty-eight countries.

Wherever you do business we are there to help and advise you.



## Banque Nationale de Paris

Head Office, 16, Boulevard des Italiens, Paris 75009, Tel: 244-45-46 Tlx: 280 605 — 2000 branches in France

U.K. Subsidiary

## Banque Nationale de Paris Limited

8-13 King William Street, London EC4P 4HS. Tel: 01-626 5678 Tlx: 883412

Total assets of BNP Group as at 31st December 1977 US\$ 54,300,000,000

**BNP International Banking & Finance**

Argentina • Australia • Bahamas • Bahrain • Belgium • Brazil • Burundi • Cameroon • Canada • Chad • Congo • Costa Rica • Djibouti • Egypt • France • French Guiana • Gabon • Gambia • Germany (Federal Republic of) • Great Britain • Greece • Guadeloupe • Haiti • Hong Kong • India • Indonesia • Iran • Ireland • Italy • Ivory Coast • Japan • Kenya • Korea • Lebanon • Luxembourg • Malaysia • Martinique • Mauritius • Mexico • Monaco • Morocco • Netherlands • New Caledonia • Nigeria • Norway • Panama • Philippines • Poland • Portugal • Reunion • Rwanda • Senegal • Singapore • Spain • Sweden • Switzerland • Thailand • Togo • Tunisia • USSR • USA • Upper Volta • Venezuela • Yemen • Zaire

**BNP Group**

**Compagnie  
Financière de Paris et des Pays-Bas**  
(PARIBAS GROUP)

**The Paribas Group  
operates directly in 37 countries**  
Commercial banking - Corporate finance - Investments

**Leading French Bank in  
international bond issues**  
**US \$ 13 billion managed since 1963**

HIGHLIGHTS FOR 1977 (all consolidated data includes Compagnie Financière de Paris et des Pays-Bas)

(in millions of US \$ - 1 US \$ = 6.55 FF)

Total assets	34,054
Loans to customers	24,683
Capital funds	1,836
Net profit	205
Worldwide staff	26,818
Branches and subsidiaries	991



**Banque de Paris et des Pays-Bas London (Branch)**  
33 Throgmorton Street - London EC 2N 2BA Ph. 01 - 588 75 57

Head-office: 3, rue d'Antin 75002 PARIS (France) - Tél. 260 35 00

DIRECTLY IN: ALGERIA, AMSTERDAM, BARCELONA, BEIRUT, BOMBAY, CAIRO, CARACAS, CASABLANCA, CHICAGO, DAKAR, DUBAI, DUSSELDORF, GENÈVE, HONG KONG, HOUSTON, ISTANBUL, KUALA LUMPUR, LONDON, LUXEMBOURG, MADRID, MANILA, MEXICO, MONTE CARLO, MOSCOW, NEW YORK, NOUMEA, PARIS, RIO DE JANEIRO, SINGAPORE, SOFIA, SYDNEY, TAIPEI, TANGIER, TUNIS, ZAGREB.

Transactions in  
floating rate notes,  
Euro-French franc bonds,  
Canadian Dollar bonds,  
US Dollar fixed rate bonds  
for French, Mexican and Canadian borrowers

**CREDIT COMMERCIAL  
DE FRANCE**

**The Market Makers**



Direct Telephone Lines  
**Paris 720 3790 & 359 4972**  
Direct Telex Lines  
**620086 & 630300**

Crédit Commercial de France, 103, Avenue des Champs-Élysées, F - 75008 Paris



**UNION MEDITERRANÉENNE DE BANQUES**  
**اتحاد حوض المتوسط للمصارف**

a Franco Algerian Bank with capital of 80 million French Francs held by:

**Banque Nationale d'Algérie, Crédit Populaire d'Algérie,  
Banque Nationale de Paris, Crédit Lyonnais, Société Générale,  
Banque de Paris et des Pays Bas, Crédit Commercial de France,  
Crédit Industriel et Commercial**

**AN EFFECTIVE  
LINK BETWEEN  
TWO WORLDS**

SIEGE SOCIAL  
50, rue de Lisbonne PARIS 75008  
tel: 766. 52. 84

B.P. N° 181-08 75363 PARIS CEDEX 08 - Téléc : 660.213

## BANKING IN FRANCE II

# Cautious approach to borrowing abroad

FRENCH borrowers have become familiar to most banks during the past four years even if, since the elections in France last March, they have raised far less than expected. This of course is essentially due to the improvement in the country's balance of trade coupled with the dislike the Prime Minister M. Raymond Barre has expressed about too much borrowing abroad.

Borrowers fall into two categories: those which like Electricité de France (EDF) and Caisse Nationale des Télécommunications (CNT) have investment needs over the next few years which cannot possibly be met entirely by the domestic market; hence the necessity to borrow abroad. Other borrowers such as Credit National or SNCF, to take but two examples, could borrow all they need domestically but the Treasury has asked them to go into the international markets to establish a new French name. Thus, they may be absent for fairly long periods if the country's balance of payments is in good shape.

There is some argument as to the exact role of the Ministry of Finance: to some extent the banks to their limits, the Treasury is not doing the French names any good. If the markets turn less liquid, matters simply get more difficult for the said borrowers. That argument is a given company to raise money. Prestige here is all of a selling ploy.

The Treasury has been two bonds, one for a French name the other for an international organisation were due to be priced the same day, the back-up line for commercial paper which SNCF is to issue in New York had to be renegotiated (it had already been syndicated) because in the meantime the Electricity Council of Great Britain had achieved better terms, albeit on a straight loan.

This incident caused some amusement in the markets: the coo Gaulois's pride was safe. Some bankers argue that by systematically pushing the banks to their limits, the Treasury is not doing the French names any good. If the markets turn less liquid, matters simply get more difficult for the said borrowers. That argument is a given company to raise money. Prestige here is all of a selling ploy.

Where the financial directors of major national companies do have greater freedom of manoeuvre is when it comes to choosing what type of instrument they will borrow in. The two great competitors here—in a friendly fashion—are EDF and CNT. While the first can claim to have pioneered commercial paper for a French borrower and arranged the first SDR denominated notes, the second opened the Yankee bond market for French names and broke through the 1 per cent spread on syndicated loans back in January 1977. EDF looks now as if it will break through the 1 per cent barrier before October 1978 is out.

Knowing how to bide your time seems a key element in CNT's thinking: it waited a year after the lifting of the U.S. interest equalisation tax in March 1974 before launching the first ever French Yankee bond (at least since the one sold for the Credit Foncier 20 years before) because market conditions were not right. CNT is also very careful in following the secondary market performance of its bonds.

Detailed concern about an issue is also well illustrated by the insistence of EDF in one instance that the underwriter's spread be increased and that the extra money go to the salesman. French borrowers do sometimes express concern that so much of the paper raised in the New York market has found its way back into Europe. This appears to have been particularly the case of More than one financial director issues floated in 1976—a concedes he is unhappy about

### Manoeuvre

halcyon year for French borrowers. According to New York sources the reason is simple not only was that year a high water in terms of size of borrowing but the insistence of the borrowers—should one say the Treasury—that every operation be on better terms or for large amounts than the previous one resulted in bad placing and quick return to Europe of a lot of the paper, much of which believed to be held by French institutions to this day. Maybe the same banks add, it would have been wiser for this gain to have been played less hot, and for the Republic to have borrowed one lump sum and passed it on to the agencies. However Eurobonds found the way to New York: it is far from sure that this two way movement actually hinders placing power in either the Yankee or the Eurobond markets.

Of course much depends on the maturity: the paper which came back to Europe is those essentially to have carried maturities of less than 10 years. More recent French issues New York appear to have suffered less in this respect. Other French borrowers such as SNCF and CNT play a different role acting as go betweens since the Treasury's real money through different national companies rather than in the name of the Republic. However CNT is insistent that the funds it raises in foreign currencies are used to help French firms in their export drive.

# Sleeping giants in Euromarkets

THE FRENCH BANKS—particularly the big three nationalised ones (Banque Nationale de Paris, Crédit Lyonnais and Société Générale)—have often been referred to as the sleeping giants of the Euromarkets: in terms of balance sheets they may well come first after the three major U.S. banks, but as lead managers of credits and bonds they figure less prominently, though Crédit Lyonnais does not have a bad track record where syndicated credits are concerned (particularly in terms of "premieres") and BNP is highly respected for its role in the bond market. The conservative approach taken by the major French banks—be they nationalised or private—has reasons which are understandable and have not changed much over the years.

In both instances—credit and bond—working from a French franc basis makes the task of the banks delicate. Most of them watch their commitments in foreign currencies carefully and pay great attention to the ratio of resources to commitments, which by tacit agreement with the Banque de France is 50 per cent: standby credits with major U.S. banks, fixed rate medium term certificates of deposit and floating rate notes, the latter being the more visible part of the iceberg, are the major way in which they insure their future needs.

The three banks have very important commercial networks around the world—often their interests in a given country (for instance, BNP Nigeria) might lead them into jumbo loans but they seldom head such operations, unless they are for French borrowers. Medium-term loans they participate in as lead managers are often tied to export credits to a given country or to the desire to widen the bank's role in that country. CCF's attitude to some Latin American loans fall into this category. The interest they take.

When it comes to Eurobonds French banks suffer from some disadvantages: the placing power of Swiss, West German and Benelux banks is vast—yet credit available for some areas. Paris bankers, both in private and public institutions, argue fees witnessed over the past month makes the French banks even more cautious—some express their deep concern and argue that their larger network of offices around the world allows them to respond efficiently to their clients' needs and be much more selective than some of the large U.S. banks about whom they lend in.

Paris bankers point ironically to the refusal of U.S. banks to lend to prime French names over the past 12 months because of "low spreads" and to find them lending to heavily indebted LDC borrowers a few months later at near similar conditions. A rigid ceiling of lending to every sovereign borrower under the sun they feel is too bureaucratic a way of doing business.

The three major French banks are of course in keen competition to lead prime French names and with the Ministry of Finance insisting on the very best terms, some battles royal take place. In this matter the Treasury leaves the borrower to choose his own lead manager but is firm in fixing the conditions of the loan.

BNP lost a mandate to Credit Lyonnais earlier this year to arrange a \$100m back-up line for a commercial paper issue in New York for Electricité de France because it felt a spread of 1 per cent was too low and it would be wrong for it to be a party to pushing down spreads further. The big three French banks tend to have very close relations with state borrowers—be they national companies or local entities—they do not appear to have the quality of contact with private industry that banks such as Paribas or Lazard do. The private banks would also seem to have greater freedom in deciding the risks they take.

**Favours**  
French banks have also suffered from the absence of a French franc bond market which would have allowed them to exchange favours with other foreign banks and thus participate in more underwriting groups: that market reopened last month but not in the best conditions with a FFr 200m bond for EIB managed by CCF, but no one expects this sector ever to assume a major importance.

Talking about league tables brings a wry smile on to most Paris faces—a nice U.S.-induced idea, muttered one banker, who added that in view of the amount of unplaced paper at some time this year it might be interesting to compile a list of banks which today were warehousing the largest amount of bonds—"I can assure you there would not be a French name in the top 10."

Francis Ghiles

GUARANTEED EXTERNAL DEBT			
(Repayable principally in foreign currencies)			
Type of debtor	Amount outstanding at December 31, 1976 (FFr m)	Additional debt guaranteed during the period May 11, 1978* (FFr m)	
Autonomous and semi-autonomous public agencies and institutes (including the CCCE)	22,950	9,617	
Municipalities and departments	267	—	
Nationalised Services	13,774	8,385	
French Railways	4,046	1,618	
Overseas railways	5	—	
Foreign governments and organisations	18	—	
Miscellaneous	9,471	4,489	
Total	50,531	24,109	

Represents new external debt guaranteed by the Republic of France during the period indicated without taking in account repayments of guaranteed external debt during such period.

\* The amounts of the currencies in which such indebtedness (excluding indebtedness denominated in SDRs and indebtedness denominated in ECUAs) was at December 31, 1976, denominated and repayable were approximately as follows:

Currency (m)	Franc equivalent* (m)
U.S. dollars	6,240.7
Deutsche Marks	4,134.7
Swiss francs	3,487.4
Luxembourg francs	2,068.6
Belgian francs	1,687.9
Italian lire	24,758.7
French francs	2,142.8
Dutch guilders	347.7
Dirhams (United Arab Emirates)	42.0
Lebanese pounds	26.3
Austrian schillings	111.5
Japanese yen	1,200.0

Converted into francs at the rates of exchange in effect at December 31, 1976.

Source: French Treasury.

**A growing bank  
committed to a  
growing world  
economy.**



What makes the difference in an international bank is not merely its size, but its expertise and its absolute commitment to world economic growth.

Banque Canadienne Nationale, with a branch in Paris, an agency in New York and a branch in London as well as correspondent representation in 78 countries on every continent, currently has capital at work expanding the world's growing economy.

**Banque Canadienne Nationale**

Montreal: 500 Place d'Armes H3Y2W3 Canada Tel: (514) 281-3409 Telex: 95-257-302

Paris: 47, ave George V Paris 75008 France Tel: 720-12-00 Telex: BANCANAT 61-114

New York: 450 Park Avenue New York, N.Y. United States Tel: (212) 893-7733 Telex: 880-815

London: Portland House 72-73 Broad Street London, EC2 England Tel: (01) 960-8137 Telex: 880-815

# Host of semi-State institutions

THE EXISTENCE in France of a considerable number of institutions linked directly or indirectly with the State and existing to finance industry either by directing funds to specific sectors or to business as a whole marks a fundamental difference in the structure of industrial finance between Britain and France.

These bodies range from deposit-taking institutions like the Crédit Agricole—the farmers' bank—to concerns which raise funds exclusively on the fixed-interest market for on-lending and direct instruments of the State like the FDES Economic and Social Development Fund.

A number of them specialise in the financing of small and medium-sized industry and business. The Crédit Hôtelier, the Caisse Nationale des Marchés de l'Etat, and the various Regional Development Companies (which are groups of regional bodies combining for the purpose of fund-raising on the market) fall into this category.

The network of 37 banques populaires, with their regional implantation and co-operative structure (to which a separate article is devoted) are geared specifically to finance artisan projects—that is, concerns employing fewer than 10 people.

The horizons of other institutions are less specific: the

Credit National finances a full range of industry while the FDES, whose credits are managed by the Crédit National, intervenes particularly in areas where vital regional, employment or national interests are at stake in a company's future.

Practically all these institutions at some time or other act as agents in distributing special Government credits for particular sectors or activities like stimulating economy of energy or exports, employment in the regions and the like.

## Agencies

The amount of money represented by these activities is considerable. The Government's direct agencies, headed by the FDES, had some FFfr 35bn lent out at the end of last year. The Caisse des Dépôts had some FFfr 8bn, while altogether in December last year there was some FFfr 130bn out in medium and long-term non-mobilisable money, helping to finance capital equipment investment.

Add to that the FFfr 237bn of credit employed in the property sector (including FFfr 106bn by the fund financing the construction of low-cost rented accommodation) and the FFfr 148bn directed towards the local and regional government sector and the total of credit outstanding from sources other than the

"mainstream" banking sector

amounts to more than FFfr 550bn.

The giant among these institutions is the Crédit Agricole, with a balance sheet total of FFfr 329bn at the end of last year and FFfr 127bn in medium and long-term loans. The Crédit Agricole started life as a non-profit-making (and hence non-tax-paying) institution. Its problem is that it is awash with money which it cannot employ in operations outside the field of agriculture and the agro-food sector. As a result it is the biggest supplier of cash to the money market after the Bank of France itself, and acts as one of the Government's gendarmes in keeping control on the money market.

It is seeking authority to be able to compete directly against the commercial banks in the full range of activities, since at the moment it is forbidden to make loans to industry or for property and housing (outside rural zones). The commercial banks, not surprisingly, view this ambition with horror, and the Crédit Agricole is likely to have a stony path to tread.

It has succeeded in having the definition of the agro-food sector broadened somewhat, and it has revised its fiscal status so that it is now taxable—an indis-

pensable step towards winning the right to enlarge its activities. The block on its domestic activities has also pushed it into

overseas activities which it is expanding.

But the Crédit Agricole is an institution apart, and here it is proposed to leave aside this very particular operation and to concentrate on two more characteristic bodies, the Crédit National and the Crédit Hôtelier.

From its home on the Left Bank—characteristically in one of the beautifully proportioned hotels particuliers that now house State or semi-State institutions—the Crédit National has expanded beyond all recognition since it was founded in 1919 to finance post-war reconstruction. It enjoys a special legal status since, although its shareholders are banks, insurance companies, institutional investors and even individual investors, the State has reserve powers of control. But as its chairman M. André de Lattre (widely tipped to be the next Governor of the Bank of France) points out, it does not take its orders from the Government. He quotes the Crédit National's long resistance to Government pressure to sink (sink being the right word in this context) funds in the Bouscasse textile empire.

The "mission" of the Crédit National is to finance industry and commerce in the competitive sector—that is, excluding monopolies like the power supply utility EDF. Although

it is normally stated that the Crédit National concentrates on the big boys, in reality it is strongly present in the small- and medium-sized business sector, and some two-thirds of the 1,500 loans it made last year were individually below the FFfr 25m.

Its activities take two basic forms. The first is long-term lending directly to clients. This has grown from around FFfr 1.5bn in 1968 through to FFfr 7bn in 1975 and at the end of 1977 was FFfr 31bn. Broken down into very imprecise sectors, loans to the energy and chemicals sector amounted to around 24 per cent of 1977 lending, followed some way behind by mechanical engineering, shipping and metallurgy.

The institution has a special role as the agency for specific Government lending projects. Thus during 1974-77 it handed out about FFfr 3.5bn to companies increasing their export capacity in return for specific pledges about export performance.

## Package

In 1975 when the Government unveiled a FFfr 5bn package to aid investment in the interests of employment the Crédit National disbursed around half of this and in the following years a further FFfr 650m as part of a Government scheme to encourage the expansion of smaller industries in the regions. Last year it handled the FFfr 3bn made available for industries promising investment to stimulate employment or export performance.

The second basic activity is mobilising medium-term credits on behalf of the banks for capital investments. The banks have the possibility of discounting their paper at the Crédit National which, for its part, can re-discount with the Bank of France. Its role here then is both that of surveillance and of directing cash in conformity with official policy. At the end of last year there was some FFfr 17bn lent out in such form, and lending is accelerating to a level of some FFfr 6bn a year.

The Crédit National is not a deposit-taking institution and has to raise its own cash for its direct lending. It does this by raising money on the fixed interest market, under State guarantee, normally via one, two or three issues a year. Last year, for example, it tapped the market for FFfr 2.3bn.

## Classic

The medium-term mobilisations are financed by realising the bills deposited with it by the banks, while money is also raised via long-term borrowing from institutions like insurance companies and from such classic money-providers as the Caisse des Dépôts and the Crédit Agricole.

Specific operations undertaken for the State are financed individually. The Crédit National may participate in national fund-raising or may seek funds overseas. It contracted five loans in foreign currency last year to finance these special operations.

Altogether last year the Crédit National made some FFfr 14.5bn available to companies: FFfr 6.8bn in direct loans; FFfr 6.3bn in medium-term credit; and FFfr 1.4bn on behalf of the State. This represented about 10 per cent of the term borrowing of companies in the competitive sector.

The other activities of the Crédit National can be summarised briefly. One of the main ones is to act as the channel via which the Government disburses money from its FDES Economic and Social Development Fund. This fund exists to help enterprises whose cash needs or whose vulnerability puts them beyond the Crédit National pale but whose collapse would bring serious problems at the level of the regional economy, employment, or national industrial resources. Thus the steel industry is a leading creditor of the FDES and recently the FDES provided the first tranche of FFfr 8m towards an aid of FFfr 20m to the Saint-Etienne armaments, mail-order and retailing group Manufacture.

The volume of Crédit National lending in 1977 was around FFfr 14.5bn, or 10 per cent of the term borrowing of companies in the competitive sector. The other activities of the Crédit National can be summarised briefly. One of the main ones is to act as the channel via which the Government disburses money from its FDES Economic and Social Development Fund. This fund exists to help enterprises whose cash needs or whose vulnerability puts them beyond the Crédit National pale but whose collapse would bring serious problems at the level of the regional economy, employment, or national industrial resources. Thus the steel industry is a leading creditor of the FDES and recently the FDES provided the first tranche of FFfr 8m towards an aid of FFfr 20m to the Saint-Etienne armaments, mail-order and retailing group Manufacture.

National-managed FDES loans was around FFfr 12bn at the end of last year.

The Crédit National is also the leading shareholder behind the State in the Institut pour le Développement Industriel, a sort of quasi-venture capital operation which takes temporary stakes in smaller companies short of funds.

It also plays a leading role in Sofinnova—a venture capital enterprise to provide cash for companies developing high technology profits, and has participation in a number of regional development companies which provide capital and long-term loans to medium-sized companies. There are also a series of consultancy and analytical services within the Crédit National purview.

Away from the Left Bank and its elegant facades stands the gleaming tower near the Porte de Versailles and the orbital motorway of one of the Crédit National's competitors for the favours of the small and medium-sized businessman—the Crédit Hôtelier Commercial et Industriel.

The Crédit Hôtelier specialises in financing smaller and medium-sized enterprises, particularly in the tertiary sector, though its industrial activity is growing. Whereas it has severe competitors in the industrial sectors in the shape of the Crédit National, Regional Development groups, and other State-backed bodies like the Caisse Nationale des Marchés de l'Etat, it has a head start in the tertiary sector. It raises its funds on the money market, and on-lends to business, often at rates subsidised by the Government. The characteristic of these loans is that they are very long-term—up to 15 years only—and a particular role of the Crédit Hôtelier is as the longer-term financing arm of the group of banques populaires to which it belongs.

Like the Crédit National, the Crédit Hôtelier (which as its name suggests is particularly strong in the financing of tourist infrastructure like hotels and indeed is the 100 per cent owner of the Frantel chain of middle-market hotels in

France) acts as an agency for the distribution of special Government lending to particular sectors, or for particular purposes like encouraging energy economising of exports.

Areas being considered for expansion are the possible financing of industrial zones (as a way into financing the individual enterprises which establish themselves there) and techniques to overcome the problem of succession to family businesses—though these projects are both in a very premature stage of discussion.

The figures for 1977 activities illustrate the Crédit Hôtelier's character. Almost 37 per cent of its lending went to small manufacturing industry and public building and works. Tourism claimed some 27 per cent of resources, commerce slightly less and services around 10.5 per cent. More than three-quarters of the investment programmes thus money financed were in towns of less than 50,000 people and the Crédit Hôtelier calculates that they permitted the creation of 11,000 jobs.

## Destined

Looking at it from another stance, more than 70 per cent of the loans approved were destined for companies with fewer than 50 workers, while loans of less than FFfr 500,000 represent almost half of the total volume of credit granted and some 55 per cent of the individual dossiers. Again, at the end of last year the total amount outstanding to the Crédit Hôtelier was more than FFfr 14.5bn for an average value of FFfr 311,300.

The loans are issued at a fixed rate (11 per cent at the moment) but special Government loans command more favourable rates—e.g., 8.5 per cent for the first five years rising to 11 per cent thereafter.

The long-term investment financing may be associated with medium-term bank financing backed by the Crédit Hôtelier in its role as a discount counter—a role analogous to that of the Crédit National. Such "twinning" loans can represent 70 per cent of total investment needs.

David Curry

## Borrowing abroad

CONTINUED FROM PREVIOUS PAGE

the Swiss franc instruments in that they have proved very expensive and while some have gone ahead and raised yen denominated bonds, others express the utmost caution.

SNCF for instance would like to push up the percentage of its dollar instruments and bring down that of its Swiss franc or not—may complain of what they see as the high-handed negotiating tactics of the Trésor, French names will remain very

change guarantee is provided attractive and the country more and very close to President Giscard d'Estaing's heart. In the very best rates. Overall, investment needs will remain high, as will no doubt the competition between the various banks to get the business. If that does not mean any borrower can be expected to breach the 1 per cent spread—publicly—for a syndicate credit, the odds are that it will be a French name.

While many banks—foreign or not—may complain of what they see as the high-handed negotiating tactics of the Trésor, French names will remain very

capable, are expensive projects

Francis Ghiles

Deutsche Bank, a century of universal banking.

To find the spectrum, you need the prism.

A universal bank, such as Deutsche Bank, acts as a prism. It takes in the widely varied problems of a multitude of clients (individuals and companies; governments and institutions) and carefully breaks each one into its various components in order to find the simplest, quickest and most efficient solution.

Once found, these solutions are passed back to the client in the form of advice – be it in the field of foreign exchange, bond issues, export/import finance, portfolio mana-

gement or any other financial deal.

100 years of international business experience have given us the capacity, worldwide, to offer the fullest possible range of services in all their diverse facets.

Come to Deutsche Bank, when you want the full spectrum of banking services focused on your problem.



**Deutsche Bank**

Central Office: Frankfurt (Main)/Düsseldorf

Deutsche Bank AG, Succursale de Paris,  
10, Place Vendôme, Boite Postale 466  
F-75028 Paris/Cedex 01, F-75001 Paris  
Tél: (16) (1) 2618202



banque française  
du commerce extérieur

Head Office:  
21, Bld Haussmann — 75009 PARIS

#### IN FRANCE

Branches in the Paris suburbs  
"CERGY" PONTAISE — CRETEIL —  
"LA DEFENSE" PUTEAUX —  
"PARIS-NORD" LE BLANC-MESNIL —  
RUEIL-MALMAISON —  
SAINT-QUENTIN-EN-YVELINES —  
"VELIZY" VILLACOUBLAY.

Provincial Branches  
BAYONNE — BORDEAUX — DIJON —  
GRENOBLE — LE HAVRE — LILLE —  
LYON — MARSEILLE — NANCY —  
NANTES — ROUBAIX — ROUEN —  
STRASBOURG — TOULOUSE.

#### FOREIGN COUNTRIES

BRANCH  
NEW YORK  
Olympic Tower  
645 Fifth Avenue, N.Y. 10022.  
Representative Offices  
BANGKOK — CARACAS —  
JAKARTA — KUALA-LUMPUR —  
MELBOURNE — NEW YORK —  
SAO PAULO — TEHERAN.  
Commercial Delegates  
JOHANNESBURG —  
MEXICO — NIGERIA —  
PHILIPPINES.

بنو باف  
UBAF

An Arab and International Association  
in Banking and Finance.

France: UNION DE BANQUES ARABES ET FRANCAISES - U.B.A.F.

Branches  
Tokyo: UBAF BANK LIMITED  
Rome-Milan: UNIONE DI BANCHE ARABE ED EUROPEE - U.B.A.E. (Italia) S.p.A.  
Luxembourg/Frankfurt: UNION DE BANQUES ARABES ET EUROPEENNES S.A. - U.B.A.E.  
Hong Kong: URBAN-ARAB JAPANESE FINANCE LIMITED  
London: UBAF FINANCIAL SERVICES LIMITED  
New York: UBAF ARAB AMERICAN BANK

General Representative Offices for the Middle East:  
Beirut Cairo

Major banking and financial institutions from  
all the twenty Arab countries  
and

France — West Germany  
United Kingdom — Japan  
Italy — United States of America

are shareholders in one or more of the seven associated but independent companies.

### The French bank with a flair for financing international trade and investment

When dealing with a major country, you need to deal with a major bank. We are one of the ten leading banks in the world. Our network of 2,600 branches, affiliated banks and specialised subsidiaries is ready to assist you throughout France and in 51 countries throughout the world.

SOCIÉTÉ GÉNÉRALE

MAIN U.K. BRANCH: 105-108 Old Broad Street, London EC2P 2HR. Tel: (01) 588 3911.

Birmingham Branch: New Oxford House, 14 Waterlog Street, Birmingham B2 5UD. Tel: (021) 632 6551-6

Bristol Branch: 37 Corn Street, Bristol BS99 7ET. Tel: (0272) 299501-5

Manchester Branch: 28/32 Fountain Street, Manchester M60 2AD. Tel: (061) 834 4306

Merchant Bank: Société Générale (France) Bank Limited, Pinners Hall, Austin Friars, London EC2P 2DN. Tel: (01) 628 8661

Leasing Company: Société Générale (France) Leasing Limited, Pinners Hall, Austin Friars, London EC2P 2DN. Tel: (01) 628 8661

Head Office: 29, Bd Haussmann, 75009 Paris. Tel: 266 54 00

## BANKING IN FRANCE IV

# Rapid expansion of foreign operations

THERE WAS A time when French banks appeared content to sit back on their laurels at home, the adventures of their Second Empire youth long past, mulling over remembered exploits like the building of the Suez and Panama Canals—some of which did not always end happily.

But if in the early post-war growth of international banking the French tended, with some exceptions, to lag behind, they have certainly made up for it since. French banking abroad has taken on a fresh lease of life in the past ten or 12 years. In most cases this has involved a sharp change of attitude, coinciding with that of French industry as a whole as the country has come to rely to a much greater extent on its foreign trade and has secured its place among the world's top ranks of exporters.

This trend has been accentuated by the effort—at present successful—to keep pace with the implications of the past five years' increase in oil prices. While the effect at home has been a slowdown in banking business after the rapid development of the late 1960s, French banks are continuing to expand in aggressive fashion abroad—in the fields of international finance, merchant banking, export credit, and retail banking. This development is very different from the traditional French banking presence abroad although many links remain.

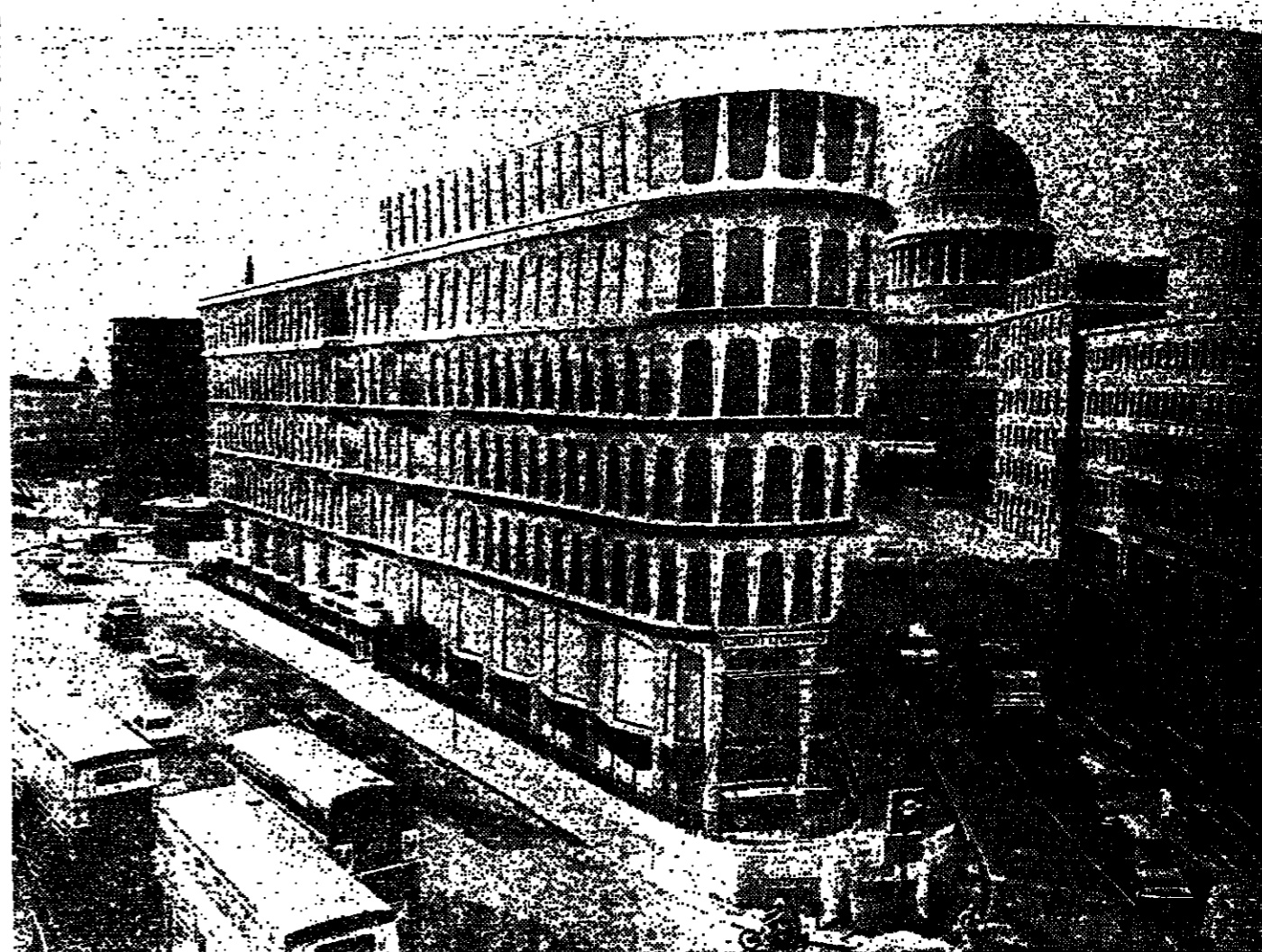
Foreign connections were implicit in the early days of many French banking institutions. There were those of the French Lazard and the French Rothschilds, or of a lower profile merchant bank like Banque Worms, dating back to the revolutionary year of 1848 and originally engaged in shipping English coal to France and French plaster to England.

#### Branch

Société Générale—or to give it its full name, Société Générale Pour Favoriser le Développement du Commerce et de l'Industrie en France—set up a London branch in 1871, only seven years after its foundation. Banque de Paris et des Pays-Bas (Paribas) was in 1895 financing a loan, guaranteed by Russia, for China to pay war indemnities to Japan. Banque de l'Indochine, now Indosuez, was the issuing bank in French South-East Asia and several Pacific territories.

Many of these footholds vanished when new governments in places like Algeria and Madagascar took exception to French interests. Banque de l'Indochine, in many ways a counterpart to the Hongkong and Shanghai Bank, lost its privileged position in Indochina in the 1950s and became a commercial bank, the most important in the region, until nationalisation caught up with it in Vietnam and Laos.

The retreat has now been convincingly reversed. The reasons for recent expansion have been the growth of trade, the Common Market, the increased role of multinational companies, the emergence of Eurocurrencies, then petrodollars, the relative lack of manoeuvre in the domestic economy and the seemingly permanent installation of strict credit curbs by the French Government.



The new City of London headquarters of Credit Lyonnais in Queen Victoria Street

The latter should not be seen as the main reason, although it is something French bankers love to harp on. As things become tighter at home, it is certain, however, that they have come to rely heavily on profits originating abroad, where the credit curbs do not apply. For a bank such as Paribas, foreign earnings now contribute as much as half of overall profits.

For the biggest French bank, the State-owned Banque Nationale de Paris (BNP), foreign operations add only 10 per cent or so to the domestic balance sheet, but their benefits—in terms both of profit and of the generation of extra business within France—are far greater.

The backbone of France's banking presence abroad is made up of five groups, three State-owned and two private: BNP, Credit Lyonnais, Société Générale (only recently a serious contender on the international front), Banque de l'Indochine et de Suez (Indosuez) and Paribas. In many areas they work through subsidiaries, such as Paribas' investment operations in North America or BNP's mixture of joint ventures in Black Africa, including the United Bank for Africa in Nigeria. Indosuez works through fewer than 100 of its own branches and over 300 subsidiaries and affiliates.

These banks are now concentrating on developing their own networks rather than relying on the international banking clubs, which nowadays look rather like damp squids—especially Credit Lyonnais' ambitious Euro-Paribas venture with Commerzbank and Banco di Roma, born in a time of greater optimism about the rapidity of European integration. Indosuez is now rather grudgingly content for never having joined one.

#### Influence

French banks, like the British, retain some traditional spheres of influence. In Franco-phone Black Africa a handful of French banks often have the field to themselves. But they have also put up strong competition for business in other

regions, particularly since the end of the 1960s in the Middle East, backed up by a government foreign policy which plays heavily on links with Arab countries.

Paribas claims the biggest banking presence of Continental Europe in the Middle East, and Indosuez has built up there what it lost in Indochina. It is one of the few foreign banks in Saudi Arabia and the only French bank in North Yemen. The Soviet Union, where Paribas had the first permanent non-Communist bank representation, has recently seen the arrival of other banks, and at least one is waiting to be the first into China. Credit Lyonnais and Paribas—through Sudameris—comprise the main French banking interests in South America, and French banks are well represented in the financial centres of Europe and the U.S. Credit Lyonnais first thought of setting up in New York 100 years ago. (It was not evident then that the city would become the financial centre we now know). Having in the meantime lost St. Petersburg, it finally made it seven years ago.

Export credit has been one of the main growth areas in French banking, alongside foreign exchange, leasing and insurance. It is one of the few sectors exempt from credit ceilings. Indeed in 1974, when the Government clamped down on the State banks for bypassing credit rules, it set up in the same breath a FF 4bn fund for companies to build up their production for export.

State backing for export credits follows a fairly formal pattern. Since the war the Banque Française du Commerce Extérieur (BFCE) has mobilised

State funds for refinancing credits and for its own direct credit operations. The bulk of loans are insured by the export credit guarantee body Coface, while the Government also runs an information service through its French Foreign Trade Office (CFCE) and its farm sector counterpart Sopexa. All these institutions are long-established but have recently gained immensely in importance. The BFCE, which has a representative office in New York, is as one of the biggest French banking institutions.

The outlook is that this will continue to build up French foreign bases as trade continues to increase weight in French affairs and as the EC moves southward to Spain and elsewhere.

The search for an international role was one of the main reasons for the banks' sector becoming more concentrated in the late 1960s. It was formed by merging the Comptoir National d'Escompte de Paris and the Banque Nationale pour le Commerce de l'Industrie, which had a large foreign network in order to form a State bank of stature.

In similar fashion, in the private sector the European network of Banque de Suez was pooled with the ex-colonial Banque de l'Indochine. Will this trend continue? The director of one of the French banks said that in terms of management efficiency with metropolitan France, growth had gone far enough. Further groupings would be a hindrance at home but an advantage abroad. "We shall have to see which wins the day," he concluded.

David White

## Money supply controls

FRANCE'S SYSTEM of draconian restrictions on increases in bank loans, the "encadrement du crédit," in its sixth year of operation, is being studied with an eye to reform at the Rue de Rivoli. But to judge from the backtracking which followed

Monetary Minister René

Encadrement du crédit is a French attempt to control expansion of the money supply directly, by limiting increases in loan volume. The approach has a certain simplicity when compared with other monetary techniques. Rather than controlling banks' sources of funds, the French control their use of loans. (In addition the French Government, like others, controls the other component of money supply, its own deficits.)

With the M1 growth target for 1979 at 11 per cent (down from 12 per cent this year), the Barre Government is expected to continue the ceilings system, and reduce them further. Since 1972, when the Banque de France was converted to Friedmanite principles (in the words of one of its officials) a steadily lower ceiling has been imposed on the volume of new lending by banks. In 1978 (as in 1977) the ceiling allows, officially, only an increase over the year of 5 per cent. This financial system "barbarism" with the increased loan volume which a monetarist face. Olivier would be normal to take Wormser, former governor of the Banque de France called the

Smaller banks have long been allowed a somewhat faster growth of loan volume, of 8 per cent. Ceilings are applied under a seasonally adjusted monthly or quarterly scale.

Exceeding its ceiling subjects a bank to what the Banque de France calls "extremely dissuasive supplementary reserves," the requirement that funds be frozen at zero interest with the central bank to more than match the excess—the amount grows geometrically. According to Philippe Aymard, deputy general manager of Credit Industriel et Commercial, France's fastest growing private bank (and professor of banking at the Sciences politiques faculty in Paris), "Permanently exceeding the ceilings by 5 per cent is sufficient to wipe out any bank's profits for the year."

Backing up the supplementary reserves system is a further control—obligatory reserves. Here too France is unique in the world, with a requirement that banks immobilise funds not only in proportion to the volume of deposits, as is normal, but also in proportion to the volume of assets (loans). At present, the immobilisation amounts to only 1 per cent but it is another potential monetarist tool.

Despite the logic of regulating bank liquidity directly, the French system has come under attack. Le Monde's financial correspondent calls the sum a considerably less than a monetarist face. Olivier would be normal to take Wormser, former governor of the Banque de France called the

Continued on next page



middle east bank  
(France) S.A.

#### ALL BANKING OPERATIONS

##### BOARD OF DIRECTORS

Mr. Joe J. KAIROUZ, Chairman  
Mrs. Laura BUSTANI, Vice-Chairman  
Sheikh Mohamed Ben Saleh, BEN SULTAN, Vice-Chairman

##### Members:

H.E. Khaty ABUHAMAD  
Banque du Crédit Populaire S.A.L.  
Banque de l'Industrie et du Travail S.A.L.  
General Marketing and Investment Co. (GENMICO) S.A.L.  
Groupe BARTHELEMY

##### MANAGEMENT

Mr. Joe J. KAIROUZ, Chairman and Managing Director  
Mr. Gabriel CATTAN, Joint General Manager  
Mr. Nadim GHORAYEB, Manager

##### HEAD OFFICE

125, avenue des Champs-Élysées, 75008 Paris

Telephone: 720 21 15 & 720 64 64

Telex: General: MIDBANK 612777F

Forex: MIFOREX 611422F

R.C. Paris B 307 377 960

Cables: MIDBANK PARIS

S.A. au capital de F 10.000.000

# Power network of farmers' bank

THIRD IN the world and first on the earth," was the proud claim of the Crédit Agricole, the French farmers' bank, in a recent advertising campaign. The boast is based on the latest classification of the Banker magazine in Britain and the American magazine Fortune and can thus hardly be disputed. What is much more questionable, however, is whether Crédit Agricole can be compared with any other commercial or merchant bank in the world, or even with the three French nationalised giants, Banque Nationale de Paris, Crédit Lyonnais and Société Générale.

## Entacles

Created at the end of the last century to meet the needs of farmers, the Crédit Agricole is a mutual credit and co-operative organisation whose entacles stretch to every region of the country. It is basically a grouping of some regional banks with a network of as much as 10,000 branches, supervised by a central establishment called the Caisse Nationale de Crédit Agricole, itself controlled by the ministries of Finance and Agriculture. Its capital is held by its 2.8m members. Though the bank can collect deposits from anyone it is allowed to lend only to its members. To be able to borrow on the Crédit Agricole it is sufficient to grow geraniums in your balcony, as some of the bank's detractors claim. You have to be a farmer or an inhabitant of a rural community with a population of not more than 7,500.

The regional banks collect deposits used to make short-term loans and they also sell bonds issued by their central institution, the Caisse Nationale. With the proceeds, the Caisse Nationale makes advances to its regional banks, enabling the latter to grant medium and long-term loans to their members in rural areas. Thanks to Government subsidies, the vast majority of these loans are made at an interest rate well below that charged by the commercial banks.

Moreover, since a co-operative is by definition a non-profit making institution, the Crédit Agricole is entirely exempt from company or payroll taxes, though it is subject to a local authority business tax, known in France as the taxe professionnelle. Although the other banks have never been happy about the "green bank's" special privileges, its recent rapid expansion and invasion of more traditional banking stamping grounds have caused an outcry. As M. Jean-Maxime Leveque, chairman of the Crédit Commercial de France and one of the chief spokesmen of the French banking community, has pointed out, the Crédit Agricole is in the process of becoming the biggest banking establishment in the world as the result of its privileged position.

The figures bear out M. Leveque's fears. With a total balance sheet at the end of 1977 of FF 229bn and FF 127bn in medium and long-term loans, the Crédit Agricole currently collects more than 25 per cent of total bank deposits in France. Its capital stock has more than doubled in five years from FF 7.8bn in 1972 to FF 16.9bn in 1977, compared with a mere FF 1.1bn to 1.3bn for each of the "big three" nationalised banks. And its profits—described as a "surplus" because it is a non-profit-making co-operative in theory—have more than doubled since 1975 to FF 1.5bn, more than those of the BNP, Crédit Lyonnais and Société Générale combined. Freed by the Debre banking reforms of 1986-87 from the previously rigorous legal distinctions between commercial merchant and other types of banks, the Crédit Agricole has opened branches in Paris and other big provincial cities such as Lyons and

Marseilles, thus directly competing with the commercial banks on their own ground. Even in rural areas, the bank has extended its activities beyond farming to the financing of any kind of job-creating venture, including even the liberal professions.

## Supplier

Moreover, its high degree of liquidity has made the Crédit Agricole into the second biggest supplier of funds to the Paris money market, preceded only by the Bank of France itself, which, according to M. Leveque, has created a highly dangerous situation. "When, in a single country, a deposit bank collects too big a share of the total money supply," he said in a recent interview, "the central bank loses its control over the creation of money."

The CCF chairman goes even further than this in claiming that it was because the French monetary authorities feared the great influence of institutions like the Crédit Agricole that they introduced their credit growth ceilings in the first place.

If the Crédit Agricole is powerful at home, it is also beginning to make its mark in international finance. The bank is the Government's main financial agency for promoting agricultural exports, a key role given that the Seventh Plan has set a target of FF 20bn surplus in agro-food trade by 1981.

Crédit Agricole's international department has been fully operational since 1975 and is already offering a full range of international banking services to its regional customers, who had previously been at a disadvantage in this field compared with those of the traditional commercial banks. In addition, it has become increasingly active in the Eurocurrency and Euro-credit markets and has participated in several commercial credits to developing countries related to agricultural and agro-food projects.

Therefore hardly surprising that its competitors are beginning to champ at the bit. Even the colossus itself has begun to finch under the pressure from the other banks. The president of the Crédit Agricole's National Federation, M. Jean Fiquet, has recently indicated that his institution would be prepared to pay company and other taxes from which it is now exempt, on condition that the credit restrictions to which it is subject were modified and that the limitations on the range of its activities were abolished.

The Government, however, is unlikely to grant all these demands. While it is probable that a decision will be taken before the end of the year to extend company taxes to the Crédit Agricole, and possibly other establishments of similar kind, no fundamental change in the credit norms applied to the bank can be expected. The authorities who, last week announced an ever lower money supply growth ceiling for 1978—11 per cent compared with 12 per cent in 1977—are hardly likely to make an exception for an institution which has such a big influence on the money supply.

The most that the "green bank" can hope for is authorisation to extend its lending and financing activities to towns of up to 15,000 inhabitants, which would embrace 55 per cent of the country's population, instead of 41 per cent as at present.

## Handles

M. Fiquet has admitted that the obligation to pay company taxes would in no way prevent the Crédit Agricole from charging lower interest on its loans than its competitors, thanks to its much greater productivity. According to official statistics, each employee of the Green Bank handles one-third more funds than his colleague in a traditional bank. No doubt one of the main reasons for this performance is that the Crédit Agricole, alone among banks, can count on tens of thousands of voluntary employees in its local branches. That, at least, is an advantage which the Crédit Agricole is unlikely to lose.

Robert Mauthner

## Money supply

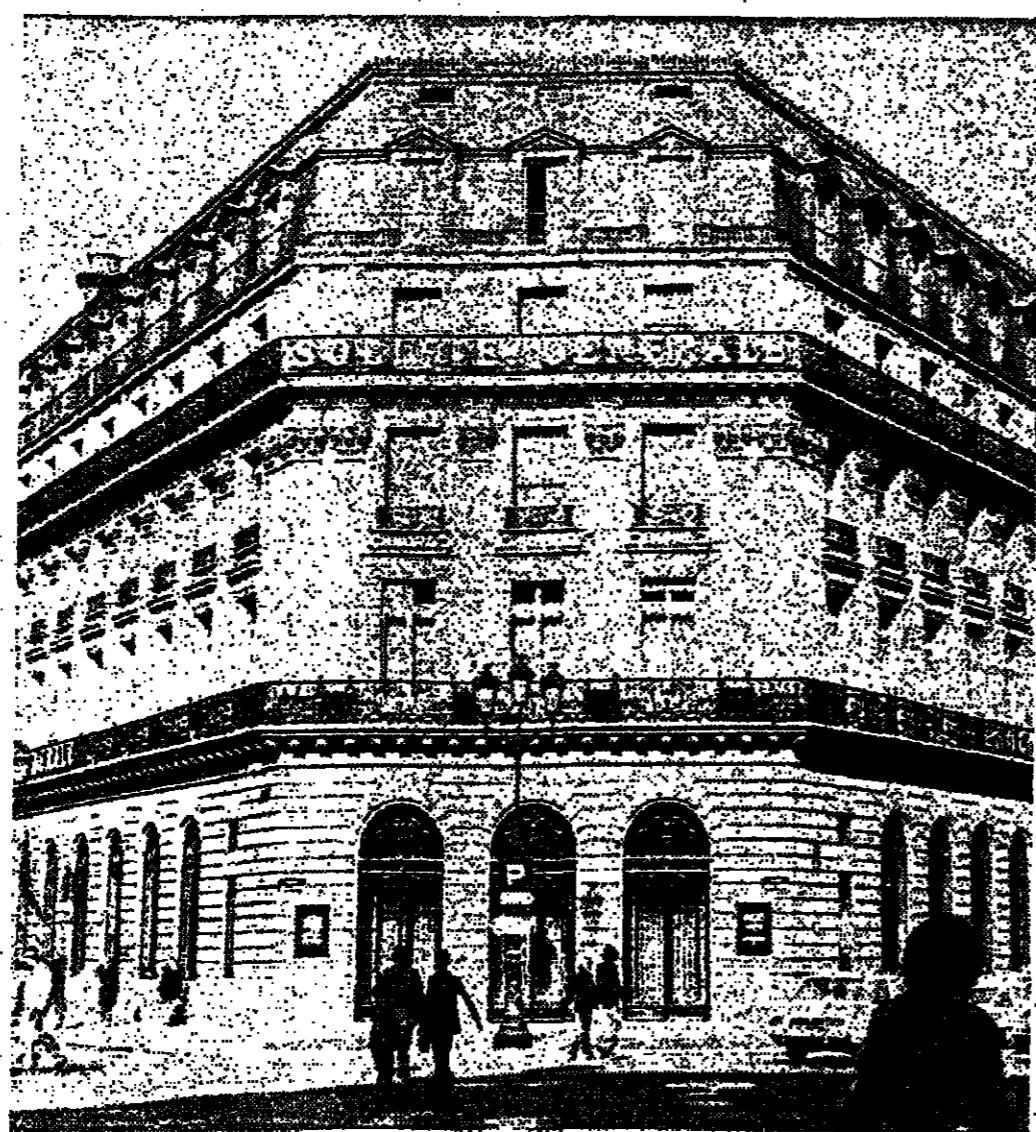
CONTINUED FROM PREVIOUS PAGE

imitation of bank credit "anti-competitive, anti-growth and bitrary." Yet under present conditions of relatively flat loan demand, the system is rather as onerous than it might appear, and one banker admits at bankers like to blame the falling for turning down loans they would turn down in any case.

In practice the system has a number of loopholes. One major exception to controls is the unlimited right to borrow foreign currency, deliberately created to encourage capital inflows and a strong franc. Naturally, foreign exchange borrowing by banks and companies adds to the domestic French money supply, neither set of exceptions covers export credits, which are subject to a much less rigid ceiling than other loans. Since the beginning of this year such loans are not wholly exempt from ceilings as they were in the past, but even so only 15 per cent of the total volume is controlled. Other exempt categories include loans for regional development, energy-saving installations and labour-intensive loans. These categories are also exempt from the statutory 5 per cent reserve requirement.

## Penalty

One obvious effect of the ceilings is to discourage competition among banks. New loan requests cannot be served without penalty, so a bank has no reason to aggressively seek new positions it cannot place. However, there has been a market response to the existence of rigid lending capacity at some banks while others are strapped for funds. A "desencement" market has grown up under the supervision of the Banque de France, where banks in excess can resell their loan portfolio to banks with money to lend. This interbank market last year offered banks with spare lending capacity a premium of 50 per cent interest over the call money rate—a nice reward for doing business with borrowers directly.



The Société Générale building in Rue Halévy, Paris

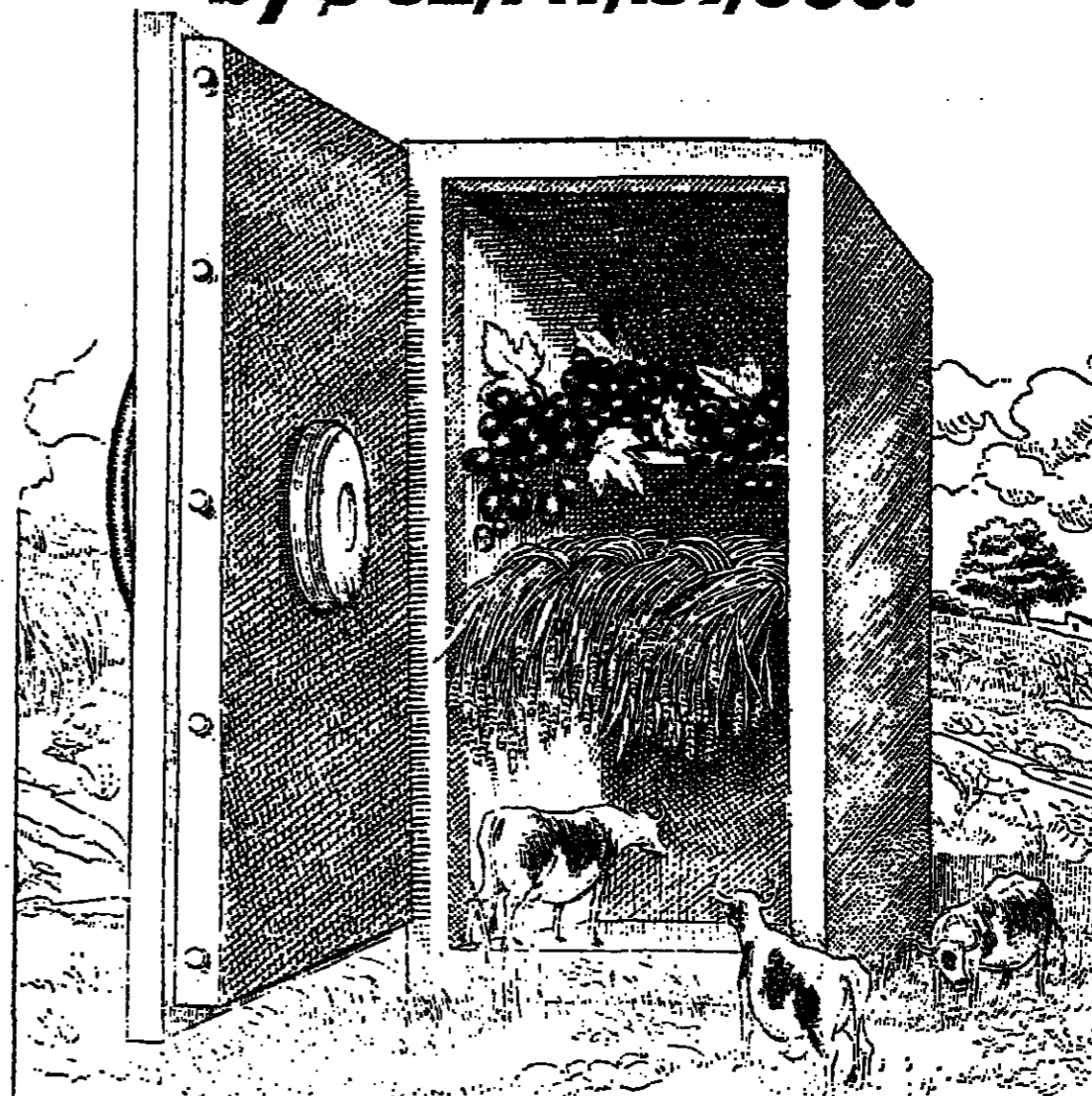
Banker Guy-Henri de Roque-maurel, at Crédit Commercial de France, says "controls have produced a permanent change in the operations of well administered banks." Supplementary reserves with the Banque de France have shrunk to levels of FF 600m (September, 1978) from a high of FF 15bn in the spring of 1974. Initially, banks tried to ignore the restrictions. But the lesson of the Government's seriousness was driven home when the State-owned Crédit Lyonnais tried to

beat the system in 1974. Then, potential corporate depositors were sent off to lend directly to loan-seeking companies, and the matchmaker bank, in return for a repayment guarantee, received a commission on the business. The bank's then president seemed to feel that its nationalised status would save it from the supplementary reserve requirement, but instead Crédit Lyonnais was made an example, and reported the first operating loss in its history.

According to Crédit Lyonnais'

Vivian Lewis

In 1977, Crédit Agricole raised wheat, grapes, cows and assets by \$ 62,919,159,000.\*



Crédit Agricole was founded in 1894 to meet the growing needs of the French farm community through a decentralized, co-operative banking structure. Today, with over 10,000 branches, Crédit Agricole plays a leading role in the development and financing of every sector of French agribusiness.

The International Department of the Caisse Nationale de Crédit Agricole (CNCA), operating on the international financial market, provides its customers with a full range of services regarding foreign transactions and international business. Crédit Agricole's dense network facilitates all banking operations in France for its foreign correspondents. The CNCA is officially associated with the principal European co-operative banks under the name "UNICO Banking Group" and is connected with the Swift network. The CNCA finances the international commerce of agricultural products and all related agribusiness operations, such as agri-industrial complexes.

For more information about French agribusiness and Crédit Agricole International, write to: Caisse Nationale de Crédit Agricole, International Department, 91-93, bd Pasteur, 75015 Paris, France. Tél. 320.52.02 Télex CANAGRI 2 04670 - 2 04655.

CRÉDIT AGRICOLE



1500 BRANCHES

The leading private banking organisation in France

## Crédit Industriel et Commercial

BANQUE RÉGIONALE DE L'AIN - B.R.A.  
BANQUE RÉGIONALE DE L'OUEST - B.R.O.  
BANQUE SCALBERT DUPONT  
BANQUE TRANSATLANTIQUE  
CRÉDIT FÉCAMPOIS  
CRÉDIT INDUSTRIEL D'ALSACE ET DE LORRAINE - C.I.A.L.  
CRÉDIT INDUSTRIEL ET COMMERCIAL - C.I.C.  
CRÉDIT INDUSTRIEL DE NORMANDIE - C.I.N.  
CRÉDIT INDUSTRIEL DE L'OUEST - C.I.O.  
SOCIÉTÉ BORDELAISE DE C.I.C.

SOCIÉTÉ LYONNAISE DE DÉPÔTS ET DE CRÉDIT INDUSTRIEL  
SOCIÉTÉ NANCÉIENNE DE CRÉDIT INDUSTRIEL & VARIN-BERNIER  
UNION DE BANQUES RÉGIONALES POUR LE CRÉDIT INDUSTRIEL

BANQUE COMMERCIALE DU MAROC  
BANQUE DE TUNISIE

### CIC HEAD OFFICE

66, rue de la Victoire, 75009 Paris  
Telegraphic Address: credit - phone 280.80.80  
telex 290.692 credit  
Foreign Exchange telex: 650.643 credext

### Foreign branches

London (CIC) - New York (CIC) - Bâle (CIAL) -  
Lausanne (CIAL) - Luxembourg (CIAL) - Zürich (CIAL)

### Representative offices or Customer services

BRUXELLES - FRANKFURT - LONDON - MILAN - MOSCOW - WARSAWA  
NEW YORK - BUENOS AIRES - CARACAS - MEXICO - RIO DE JANEIRO  
SAO PAULO - BOGOTA - ABIDJAN - BAHRAIN - CAIRO - TEHRAN  
HONG KONG - DJAKARTA - TOKYO - SYDNEY



Banque de l'Indochine et de Suez

INDOSUEZ

HEAD OFFICE: 96, boulevard Haussmann - 75008 - PARIS - tel. (1) 266.20.20  
CENTRAL OFFICE: 44, rue de Courcelles - 75008 - PARIS - tel. (1) 766.52.12  
LONDON BRANCH: 62-64 Bishopsgate, EC2N4AR - tel. (441) 5884941

## BRANCHES, AGENCIES AND REPRESENTATIVE OFFICES

PARIS	MADRID	HOUSTON	HONG KONG
NEUILLY-SUR-SEINE	GIBRALTAR	CHICAGO	OSAKA
VERSAILLES	LONDON	RIO DE JANEIRO	TOKYO
LILLE	LAUSANNE	SAO PAULO	KUALA LUMPUR
LYON	LUGANO	CARACAS	MANILLA
MARSEILLE			SINGAPORE
NANCY	BARHEIN		BANGKOK
NANTES	DUBAI		PAPEETE
TOULOUSE	SHARJAH		MOUMEA
ANTIBES	SANA'A		SEOUL
CANNES	HODDEIDAH		JAKARTA
NICE	TAIZ		SYDNEY

## SUBSIDIARIES AND AFFILIATED BANKS

## FRANCE

Banque Française et Commerciale  
Banque Française et Italienne pour l'Amerique du Sud - SUDAMERIS-  
Banque Libano-Française (France)  
Dupuy de Parseval & Cie  
Société de Banque de l'Orléanais

## EUROPE

Crédit Foncier de Monaco  
Trinkaus & Burkhart  
Banque du Bénélux  
Banque de Suez Italia S.p.A.  
Finanziaria Indosuez S.p.A.  
Banque de Suez Luxembourg S.A.  
Banque de Suez Nederland N.V.

## AFRICA

French Bank of Southern Africa Ltd.  
Compagnie Marocaine de Crédit et de Banque  
Nigerian Finance Services Ltd.  
Banque de l'Indochine et de Suez - Mer Rouge (Djibouti) -

## NORTH AMERICA

Suez American Corporation (Investment Bank)  
Blyth Eastman Dillon and Co

## ANTILLES

Banque Antillaise

## SOUTH AMERICA AND CENTRAL AMERICA

Banque Française et Italienne pour l'Amerique du Sud - SUDAMERIS-

## NEAR EAST AND MIDDLE EAST

Al Bank Al Saudi Al Fransi  
Arab Financial Consultants Company (AFCC) - Kuwait -  
Banque Sabbag et Française pour le Moyen-Orient - FRANSABANK-  
Banque Libano-Française S.A.L.  
Ulusalgaransi Endustri Ve Ticaret Bankasi - UTEBANK -

## FAR EAST

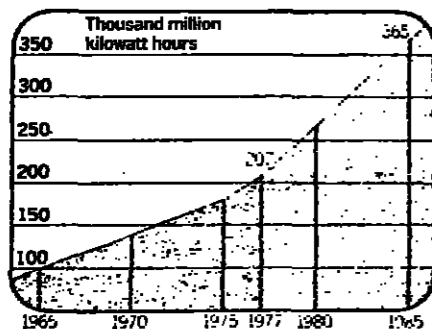
Indosuez Asia Ltd, Hong Kong

## OCEANIE

Banque de l'Indochine et de Suez - Nouvelles-Hébrides -

**EDF**  
ELECTRICITE DE FRANCE

**An important investment programme to meet a growing consumption...**



	1976	1977
Operating Revenue	31.3	35.7
Construction Expenditures including	11.2	14.3
Nuclear Power Stations	4.9	6.5
Nuclear Fuel	0.7	2.3

Reducing dependence on imported energy—particularly as far as fuel oil is concerned—is certainly one of the biggest concern of many industrialised countries. EDF has been charged by the Government with implementing an important nuclear construction programme: with a nuclear generating capacity of more than 35 million kilowatts available in 1985, the electricity produced from nuclear sources will account for more than 50% of all French electric power requirements, or 20% of the domestic consumption of primary energy.

TO OBTAIN ADDITIONAL INFORMATION ON THE ACTIVITIES OF EDF, PLEASE CONTACT:

EDF

FINANCEMENT - TRESORERIE  
2, RUE LOUIS MURAT - 75004 PARIS CEDEX 08 - FRANCE

Name: \_\_\_\_\_  
Occupation: \_\_\_\_\_  
Address: \_\_\_\_\_

## BANKING IN FRANCE VI

## Co-operative banks out to spread their net

THE YOUNG housewife breezily healthy and obviously prone to none of the ills which beset the Parisienne as she battles for a few square feet of gravel or sand on which the children can play, waves her cheque-book cheerfully in the air and heads for the local market, the wind gently catching her blonde hair. "The region," she proclaims as she sets off for her wholesome expedition, "that means something to me."

This is the scene, duplicated by a cheerful mechanic or a manifestly un-preserved young executive, which for months figured prominently on the walls of the Paris Metro. The advertisements were for the institutions collectively known as the *banques populaires*, which are a regionally based system of co-operative banks, and which have recently been mounting an extensive campaign to boost their base of deposits from the general public.

Whether they have succeeded will emerge when their 1978 figures can be worked out, but what is certain is that they play an important role in the French banking scene.

## Exclusive

Briefly, their characteristics are their regional base—there are 37 such banks each with an exclusive regional territory; their co-operative structure; their speciality in financing the most small-scale of industrial activities (enterprises employing fewer than 10 people are dubbed "artisanal" in France); and the fact that this financing is mainly short-term.

They also serve as sources of finance for smaller industry generally, but their "mission" as far as the Government is concerned is to help the artisan, and they have an important function in administering and disbursing Government funds placed at the disposal of this sector.

The banks began about a century ago, but their current shape began to be formed in 1917 when they received a specific co-operative status from the French Parliament. At this time as well began their vital co-operation with the *sociétés de caution mutuelle*, groups of companies in the same sector brought together at departmental level to act as guarantors for loans. The close relationship with these *mutuelles* is still a vital element

in the operations of the banks. After World War I the banks mushroomed, and it was more or less at Government pressure in 1929 that they created a central regulatory and representative authority.

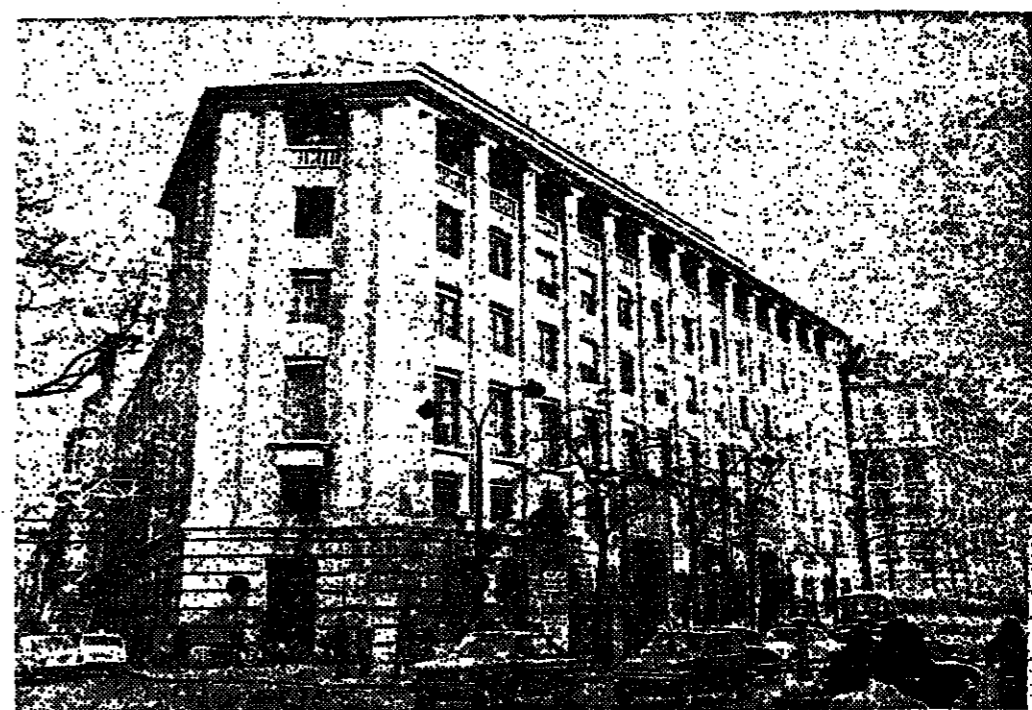
Eventually the banks acquired the right to grant loans to their members to buy property, and they have been in the market for personal financing of civil servants, members and salaried staff for more than 15 years. From the structural point of view the main event was the adherence to the group of the specialist financing agency the *Crédit Hôtelier* (discussed in the article on semi-state institutions) since this brought to the banks' traditional short-term financing the capacity for medium and long-term financing.

The main source of funds is deposits which amounted to FFrs 47bn at the end of last year. The banks also have the right collectively to raise money on the fixed interest market for on-lending to artisans and they also constitute one of the channels for the distribution of Government funds.

The size of their deposits make these banks (including a 38th member which is a specific institution to finance members of the education service but excluding the resources of the *Crédit Hôtelier*, which has no deposit base) the sixth largest in the French hierarchy after the *Crédit Agricole*, the three State-owned banks and the *Crédit Industriel et Commercial* group. The deposits (which had grown to FFrs 52bn by the end of July 1978) are composed roughly as to two-thirds from individuals and one third from companies—the proportion for lending is almost exactly the reverse.

The financing of artisanal activities is, as has been emphasised, central to the raison d'être of these banks. At the end of last year they had some FFrs 4.5bn outstanding for this purpose. Of this some FFrs 2.1bn was in the shape of money from the Government Economic and Social Fund FDES distributed by the banks; some FFrs 655m represented money raised on the fixed interest market for on-lending; and some FFrs 1.7bn was cash from the banks' own (deposit) funds. To this must be added the FFrs 813m lent to artisans for property purchase.

Lending other than to the artisan sector comes out of the



The Banque Nationale de Paris building in the Boulevard des Italiens, Paris

banks' own resources. At the end of last year such lending degree of activity at the regional level, totted up to around FFrs 32.6bn of which some FFrs 16.8bn was short-term.

Membership of the group seems stable. The members in each member bank a special bureau to deal with would-be business creators. Each bank range of central technical services. Reinforcing their activities the field of smaller industry the banks have a subsidiary called Sopromec which exists to provide funds to companies suffering from a severe deficiency of capital. Intervention ranges from the taking of minority participations to personal loans to company heads.

The glossy brochure of the Groupe des Banques Populaires proclaims proudly that they are "banks without bankers." This refers at once to a juridical structure in which the client is at the "small man" and the determined regional character of the institution. While the management of FFrs 50bn in deposits can hardly be called work for amateurs, there is no doubt that these banks do represent a link with a sturdy local patriotism which is one of the characteristics of the citizens of this centralised but immensely diverse country.

While the collective weight of the banks is substantial, individually they are small. The largest is the Banque Régionale d'Escompte et de Dépôts which operates to the east of Paris and in Normandy and boasts some 166 branches. Only one other bank, the Banque Populaire du Centre, based in Limoges, can show more than 100 branches and the average is somewhere below 50. The group, apart from its central regulatory and representative body, the *Chambre des Banques Populaires*, also has its own

David Curry

## Direct stake in industry

THE FRENCH *Banque d'Affaires* is a very different animal from a British merchant bank, mainly because of the important part industrial shareholdings play in its business.

It also differs because there is no longer much legal distinction between the investment banking and commercial banking sectors. In 1965 deposit banks were allowed for the first time to take deposits of more than two years' maturity, and the *Banques d'Affaires* to take deposits of less than two years.

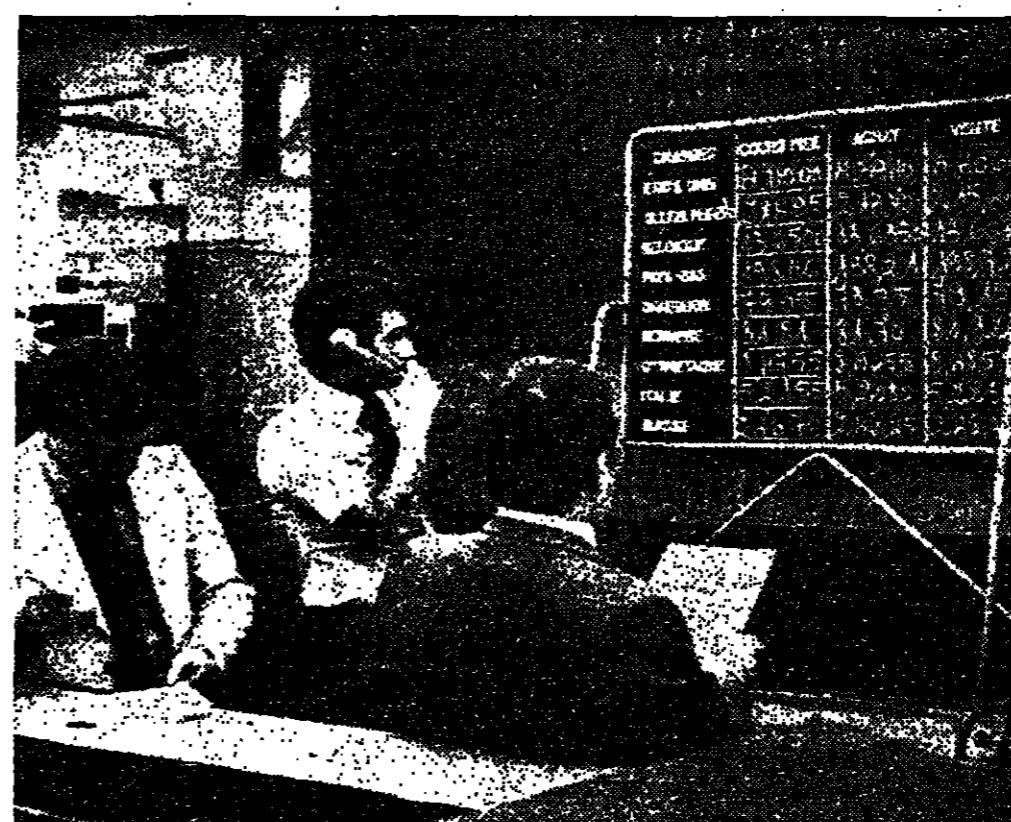
Both classifications of banks have a big role as industrial shareholders, the one lingering difference being that deposit banks are limited to a 20 per cent maximum stake in any one company.

Behind them come a group of other private banks such as the family run Banque Vernes or the Dutch controlled Banque Neufize-Schulmberger-T.Mallet, more speculative but with important spheres of influence, especially when it comes in takeover and company reorganisation.

Since the 1966 bank laws, known as the *Débré Reforms*, most banks have opened public branches. But where the nationalised banks such as Credit Lyonnais still drew their revenue mainly from straightforward bank lending operations, the *Banques d'Affaires*, run on much tighter costs, draw theirs more from other sources, notably commissions, foreign exchange operations and portfolio revenue.

In this sense the distinction is still marked, barring a borderline case like the private sector deposit bank credit Commercial de France.

The private banking groups are a pretty diverse lot. Only Paribas has a balanced set of interests in steel, in the banks shareholding and purely Thomson-CSF



The foreign exchange rates board in the Paris Stock Exchange

group, in the Total oil group, often complicated and sometimes controversial. There are in a number of banking holding companies which control *Banques d'Affaires*, banks which control holding companies, deposit banks which control merchant banking interests, complex mutual shareholdings and shared interests between different banking groups such as in the consumer credit bank Compagnie Bancaire.

The French Rothschild group has just changed its structure around with a reverse takeover, suppressing the figurehead Compagnie du Nord, a holding company which was built up on the railways before the State took them over and which was quoted on the Stock Market.

Banking groups are highly sensitive about the word "empire." Cie Financière de Suez, holding company of the

Suez group, says it takes a back seat as far as day-to-day management, investment and so on, are concerned in Saint-Gobain-Pont-a-Mousson or the sugar group Beghin-Say, where it also has a key shareholding. On the other hand it was Suez which thought up and engineered the merger between Saint-Gobain and Pont-a-Mousson in the first place.

The growth of Suez holdings in the last 15 years—holdings it is now concentrating on simplifying rather than expanding—has been remarkable. The company is a descendant of the Compagnie Universelle du Canal Maritime de Suez, set up to build and run De Lesseps' venture. In 1956 nationalisation by Egypt left it with indemnity rights, its present building in the discreet Rue d'Assolvi in Paris, and a portfolio collected as a pension fund for canal employees, it seriously considered disbanding.

In March this year it nearly disappeared again. The Left's

election platform on nationalisation, which Suez believes would have been "unstoppable," would have taken all its main interests, including the banks—Indosuez and the clearing bank Credit Industriel et Commercial—and the most important industrial shareholdings.

Like Paribas, Suez has separated its holdings and banking operations. Although companies in which it holds shares also often rely on the group's banking services, it does not insist that they do so. For instance, Saint-Gobain's main banker is the Banque Nationale de Paris (BNP). Ste Lyonnaise Des Eaux, a public utility which is another big Suez interest, has close connections with Credit Lyonnais. "Why double your risk?" argues Suez. But separation between shareholding and purely banking interests is not necessarily the general rule.

The banks which can most convincingly claim not to be building industrial empires are the three big State-sector deposit banks, although all have *Banque d'Affaires* offshoots. Baneled, a 10-year-old subsidiary of BNP, says it regards none of its industrial holdings as permanent. Its very mixed collection of small interests have often been taken with a specific aim, such as averting an imminent foreign takeover. It has also been closely involved in a shareholder reorganisation at Lazard, the leading French edible oils group.

The holdings of a bank like Banexel, about FFrs 400m in shares and almost the same in property, place it in the lower rank, but the bank claims a unique role in its active mergers and acquisitions division, which now has an international section with representatives in London and New York. It is currently handling a large number of share portfolios, including some opened by leading industrial groups.

Banexel says it is independent of direct Government influence in this respect. But it may be guided by what it senses as its "duty" or as the economic role of its parent bank.

By a Correspondent

# Every colour tells a story

by NIGEL ANDREWS

Ludwig (A) Screen on the Hill  
Word Is Out (A.A.) Scala  
Slaves (X) Cinema  
Film Cema and selected release  
Violette et François (X)  
Blond Relatives (X) Gala Royal  
Scene, Studio and Screen on  
Islington Green  
Pete's Dragon (U)  
Udon St. Martin's Lane

Winner of the Understatement-of-the-Year award: "We've always known that Ludwig was bit eccentric." The speaker is Tony Schneider as Elisabeth of Austria, the Ludwig referred to by Ludwig of Bavaria (played by Helmut Berger) and the film is nothing Visconti's six-year-old doggie of the German king.

I first saw the film several years ago at the London Film Festival, where it seemed long, slow and prodigiously encumbered by sets and costumes. Perhaps it was ahead of its time, or I was behind mine, for it now looks quite remarkable. Compared to Hans-Jürgen Syberberg's Brechtian collage *Ludwig: Requiem for a Virgin King*, the treatment is fairly orthodox and the film's sumptuous naturalism might lure the unsuspecting filmgoer into comparisons with a TV classic serial. But *Ludwig* is in a different world; not only is the fabulous richness of Visconti's colour sense, but in the feeling that behind that richness there is real passion. From flaming reds to dying oranges to sickly greens, every colour sets a mood and tells a story.

Ludwig himself, of course, is the tragic hero par excellence: a natural nobility and sensitivity fighting a losing battle with those "vicious moles of nature" that destroy him from within. Helmut Berger, a variable actor before and since, seems to have made a leap of commitment to this role. His pale, beautiful face, with raked eyebrows and a slight prissiness of the mouth, has a startled magnetism that holds the eye through all the stages of his disintegration: beginning as the handsome monarch-prodigy and declining, by slow degrees, to a shallow, puffy-cheeked fugitive, shutting himself in his Brodianagian castles against the depositions of his government.

## Entertainment Guide appears on Page 12

accompaniment of strained strains from *Tristan and Isolde*. (Theme tune elsewhere is *Tannhäuser's* "I da mein holder Abendstern".) But everyone knows that Ludwig was really keener on the boys, and scenes of silent yearning with a servant in a forest hunting lodge, or watching a midnight bath in a lake link this film indissolubly to *Death in Venice*. The whole move indeed is informed by a sense of closet desires: sometimes released, sometimes not, never quite happy even in their fulfillment. It is not Visconti's greatest film, but it is one of his most personal, powerful and deeply fascinating.

Winner of the Compliments-One-Would-Rather-Not-Receive

award: "I fell for her immediately. Her eyes reminded me of my dog Snooch." I am not quoting exactly, and the dog may sue me for misquoting it, but the gist is there of the funniest line — spoken by a young Lesbian in *Word Is Out*. This humane and admirable documentary was made by the Mari-post Film Collective, based in San Francisco, and is a two-hour anthology of interviews with gay men and women. The 26 homosexuals who recount their life stories for us range from a plump lesbian comedienne to a gay San Francisco politician to a 70-year-old male couple living happily ever after in rural New Mexico. Without preaching at us, the film suggests that gay people have as much right to happiness as heterosexuals, and pinpoints a few ways in which society could help them find it.

Famous Last Words award: "It's all so lovely. I never dreamed that our exile could be so romantic." No sooner has Brit Ekland, as the Swedish wife of a German self-exiled to Africa after killing a man in a duel (the year is 1884), spoken these words than all Hell erupts around her.

The film is *Slavers* and if you cannot look with equanimity on the idea of Trevor Howard as Richard Wagner, try savouring him here as a British expatriate who has apparently bought up most of Africa and enjoys a prolonged feud with Arab slaver Ray Milland, who spends social afternoons with influential white ladies shooting negroes for sport. Caught in the civil turmoil are Ron (Tarzan) Ely as Howard's long-lost nephew, Miss Ekland, who quickly loses her husband in a boat accident and is quickly replaced, him with Mr. Ely, and Cameron Mitchell as a snarling slave-owner. It is all ridiculous and ridiculously enjoyable, and Jurgen Goslar deserves some kind of triple laurel for having produced the film, directed it and played Miss Ekland's ill-fated husband.

Isabelle Adjani, the rising French star who displayed so few signs of animation in *Order*, makes up for her narrated Hollywood debut with a lively performance in the French film *Violette et François*. This is better than the average fare served up by the Gala Royal, although still no masterpiece. The kooky adventures of two mutually enamoured shoplifters zigzag agreeably between comedy, suspense and "drama," and Mlle. Adjani, letting her hair down for the first time since *Fanny*, gives a brilliant performance. Elastic wonders happen to that long, pale, pre-Raphaelite face when she turns on the emotions—laughter or tears—and she trills and flails through the film as if auditioning to play *Fanny*. The answer to Shirley MacLaine. It's an enchanting performance that deserves a better, stronger vehicle.

Claude Chabrol's Canadian-made *Blood Relatives* has one redeeming merit only: the rangy, sombre performance of Donald Sutherland as a New York detective trying to solve a nasty mutilation and murder case. Elsewhere Chabrol's direction of this Ed McBain thriller looks like beginner's work. The unimaginative *mise-en-scène* is compounded by hastily dubbed (Stephane Audran speaks what seems to be fishwife Brooklynese), and by much ketchup and overacting during the scenes of violence. David Hemmings, Donald Pleasence and Micheline Lanctôt also star.

Finally, for children and Disney addicts only, *Pete's Dragon*. That never-too-happy technique of mixing animation and live characters is used here in a tale about a boy and his pet dragon and the consternation they cause in a quaint fishing village called Passamaquoddy. Helen Reddy, Mickey Rooney, Jim Dale and Shelley Long are among the stars, but their combined acting and singing talents are powerless to redeem a story long on whimsy and short on wit.



Jane Lapotaire and Zoë Wanamaker

The Other Place, Stratford-Upon-Avon

## Piaf by MICHAEL COVENEY

There seems to be a glorious incongruity to the Royal Shakespeare Company performing a short-hand biography of Edith Piaf in their Stratford studio. But Pam Gems's fast and snappy account of an indomitable feminine spirit proves an irresistible show-case for a spring-heeled company and, especially, a devastating performance by Jane Lapotaire.

Miss Lapotaire embodies a quality of bright-eyed effervescence and forthright sexuality, while Miss Gems supplies unerringly appropriate dialogue to see her through a succession of snapshot encounters with lovers, agents and colleagues. Showbiz biography is a dangerous game in the theatre, but class pride and a spur to her here the actual narrative, with its ascent from the gutter to stardom and drug-infested decline never omits to emphasise the strong spiritual consistency with excellent support work from the heroine throughout.

decorating a bare platform, and actors quick-changing in full view behind a lively duet of Malcolm Storry popping up all over the place with almost doleful regularity. Miss Lapotaire sings beautifully, like a spreadeagled sacrificial sparrow, and there is a wonderful company encore with "Les Trois Cloches."

National Gallery staff art exhibition

A display of art by National Gallery staff, will be on view to the public in the Boardroom of the National Gallery from tomorrow to Sunday October 29. This is the third public exhibition of paintings, drawings and sculpture by people who work at the gallery, and includes contributions from the wardens, office staff and conservation and publications departments. It is being organised by Francis Hill, Head of Security at the National Gallery.



Coaches arrive at the resort of Bad Ischl in Visconti's 'Ludwig'

Festival Hall/Radio 3

## Rozhdestvensky by MAX LOPPERT

Gennadi Rozhdestvensky's first Festival Hall concert as chief conductor of the BBC Symphony Orchestra on Wednesday was a behind-the-scenes affair. The orchestra's symphony, a less satisfactory response to his masterly, more unimpeachable powers is already on the pre-recorded; it has sloughed off the evidence of the two roof-raising Prokofiev works in the middle variations of the second movement. Nevertheless, it is a work that stirs and provokes the imagination, especially in so cunningly controlled and glowingly played a reading.

And think heavens for the BCI in these cheese-paring rehearsal days on South Bank, from what other source could we expect a programme with two Prokofiev rarities, one for an outsize orchestra and one for a rarer, more composed one, on the same bill? The problem of setting up the *Ode to the end of war* with its collection of double basses, eight harps, four pianos, erucation, and three each of saxophones and tubas as special-effects in a large complement of percussion (and wind) after a performance of the Second Symphony necessitated a 20-minute interval after each work. Though the concert was long, it was richly rewarding.

The Second Symphony is a product of Prokofiev's Paris years, one of his massively grinding Futurist compositions — a structure of "iron and steel" as he expressed it. It was a shock at the time, but now has the shock-value of the composer's vast forces grinding and leaving with baleful, night-

marish energy has lessened (if not completely disappeared), one can, as it were, hear the music in the manner. I find the brilliant affair. The orchestra's symphony, a less satisfactory response to his masterly, more unimpeachable powers is already on the pre-recorded; it has sloughed off the evidence of the two roof-raising Prokofiev works in the middle variations of the second movement. Nevertheless, it is a work that stirs and provokes the imagination, especially in so cunningly controlled and glowingly played a reading.

The orchestra's *Ode*, written in a spirit of national celebration, is at once a much greater curiosity and a much lesser piece; its neglect is not surprising. The experiments with bright, cutting, scintillating timbres carry a certain degree of fascination, until one begins to realise that the big, demotic tune disgorged by the orchestra, clinking and clinking is a banal thing, beside the best of Alexander Nersky and War and Peace. It lends the whole enterprise an air of specious grandiosity.

Not the least interesting feature of the concert was the performance of the Elgar symphony. The feeling of a distinctly equivocal Elgarian, that he had never before enjoyed the work so much, could perhaps be taken down in evidence against the performance: for much of it was sounded ravishingly beautiful, in a flowing Chalkovskian manner, the best Russian cantabile style of Chalkovsky, that placed greater emphasis on

the lyrical character of the themes than on their capacity played with the commanding dignity and spaciousness of utterance that is a hallmark of the French organ tradition (and for which some early slips of execution were of small account).

A brief word of welcome for the veteran French organist Jean Langlais, who, as a prelude to his series of full-length organ recitals at St Paul's last night and for the next few Thursdays, joined the Festival Hall early-evening recital roster on Wednesday. The programme of Couperin (Louis and François) and Daquin, all three themes than on their capacity played with the commanding dignity and spaciousness of utterance that is a hallmark of the French organ tradition (and for which some early slips of execution were of small account).

The blind organist then played four of his own compositions, of which the *Visions prophétiques* were particularly notable for their portentously piled harmonies. — Frank Martin asperity crossed with Messiaen's fervour. At the end, another greatly distinguished French organist present in the audience, Andre Marchal, provided his former pupil with a theme for improvisation. A purist might object that Mr. Langlais used the theme more for colouristic than for contrapuntal ends; but it was a remarkable demonstration.

## BBC music commissions

The BBC is continuing its programme of commissioning new compositions, and its plans for this autumn, for the BBC Symphony Orchestra include many such works. In its Festival Hall concert, on November 8, Witold Lutoslawski will conduct the British premiere of his *Les espaces du sommeil*; on December 3 there will be world premieres of two works by six composers at the London School of Music featuring modern works. The Monday lunchtime concert at St John's, Smith Square, will concentrate on works by Bartok and some of the rarer Haydn quartets.

On March 21, 1979, there will be the British premiere of Elliott Carter's *Symphony of Three Orchestras* and on April 4 Rozhdestvensky will introduce to the BBC the overture *Columbus* by Shostakovich. This season the BBC will not be holding concerts at the Round House but instead there will be premieres of two works by six composers at the London School of Music featuring modern works. The Monday lunchtime concert at St John's, Smith Square, will concentrate on works by Bartok and some of the rarer Haydn quartets.

Elizabeth Hall

## Israel in Egypt by NICHOLAS KENYON

At the end of Part One of Handel's *Israel in Egypt*, the listener is apt to feel like an Egyptian on whom the Red Sea has just rebounded. He has been engulfed by wave after wave of massive choral sound; eight continuous numbers, with not a moment's respite; the effect is usually overwhelming, and about as varied as a succession of rushing waves.

John Eliot Gardiner, directing his Monteverdi Choir and Orchestra on Wednesday, managed to turn this into a

compelling, splendidly-paced sequence. He made the choruses continuous, moving straight from the torrent of hailstones through the pall of darkness to the smiling of the first-born. He characterised each boldly, and made them work towards the fury of "But the waters" (with pounding drums) and through that to the massive, solemn chords of "And Israel saw that great work."

The tight-knit choral texture, which had threatened to sound desiccated (and rather cathedral-die, with its male altos) proved an ideally efficient instrument ment of young talent, this procedure made Part Two sound uncomfortably like a school speech-day concert, emphasising his subdued fervour: the final affirmations of Part Two were razor-sharp, brilliantly lit, while the quieter choruses were un-

easily slow, emotionally withdrawn. Perhaps some insecurity in the orchestra, which was not throughout on the level of sophistication we have come to expect from this group, detracted from the effect. The choice of assorted choral singers as soloists certainly did — however good for morale — and for the encouragement of young talent, this procedure made Part Two sound uncomfortably like a school speech-day concert, emphasising his subdued fervour: the final affirmations of Part Two were razor-sharp, brilliantly lit, while the quieter choruses were un-

## SIP—SOCIETA ITALIANA PER L'ESERCIZIO TELEFONICO P.A.

U.S. \$40,000,000

MEDIUM TERM CREDIT FACILITY

GUARANTEED BY

## STET—SOCIETA FINANZIARIA TELEFONICA PER AZIONI

MANAGED BY

## CHASE MANHATTAN LIMITED

FUNDS PROVIDED BY

CHASE BANK A.G.

AMSTERDAM-ROTTERDAM BANK N.V.

BANCO DE VIZCAYA S.A.

BANCO DI ROMA INTERNATIONAL BANK S.A.

BANK OF MONTREAL

THE BANK OF TOKYO, LTD.

BANQUE BRUXELLES LAMBERT S.A.

GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN SPARKASSEN

AKTIENGESellschaft

KREDIETBANK S.A. LUXEMBOURGEOISE

AGENT BANK

CHASE BANK A.G.

## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3BY  
 Telegrams: Finantime, London F54. Telex: 583241/2, 583897  
 Telephone: 01-248 8000

Friday October 13 1978

## Two special cases

THE TWO apparently massive pay claims announced today by the miners and the engineers are both in their way special cases. Both are much larger in percentage terms than their net effect on earnings need be, even in the unlikely event that they were granted. Both raise points of principle in pay determination which are not properly covered either in the present approach, based on universal norms, nor in the alternative Conservative proposals to rely entirely on cash limits and monetary policy.

## Fantasy

The large claim lodged as an annual routine by the engineers always contains an element of fantasy, because it has only an indirect link with the rates actually paid in engineering concerns. The national rate is in fact only a starting point for bargaining in individual companies, though it has a greater effect on premium earnings for overtime and shift work. The engineering unions have been trying, so far with little success, to get a realistic national rate, and so increase the significance of the national negotiation.

The engineers are in this respect pulling in exactly the opposite direction to the transport workers, whose definition of responsible bargaining is to base claims on the ability of the individual employer to pay within the constraints of relatively stable prices (a discipline enforced in the private sector by monetary policy via the exchange rate and foreign competition). The piecemeal, workplace approach is thus more consistent with the Conservative outlook on incomes than with any Government wages policy.

However, there is something to be said in favour of the engineers' effort to campaign for a national rate for the job, especially where this allows some room for regional differentials reflecting the varying cost of housing. First, the piecemeal approach has never lasted for long before it provokes a round of disputes based on claims for comparability. A good deal of the agony of British Leyland can be traced to this cause.

Secondly, and perhaps more important in the long run, the experience of other countries shows that where highly centralised bargaining is the rule—as for example in Scandinavia and parts of German industry—it is easier to make it rational in economic terms. An intelligent approach by the unions has long proved the most effective way of securing right.

## Tinkering with local rates

IT IS NOT surprising that the Conservative Party's policy-makers should have been attracted to the idea of introducing an income-tax allowance for household ratepayers. The proposal would have considerable political appeal both in itself and as a way of easing the party off the hook of Mrs. Thatcher's pledge to abolish domestic rates. Four years of searching has failed to reveal any practical alternative source of local revenue, a fact which ought to have been obvious at the outset; and the prospect of replacing domestic rates entirely with government grants would both radically transform the relationship between central and local government and severely impede a Conservative Government's ability to reduce the burden of direct taxation.

## Main attraction

Fortunately, a tax allowance for rates has not yet been adopted as official party policy. Mr. Michael Allison, the Conservative front bench spokesman on Environment, was simply engaged in kite-flying yesterday. He felt the main attraction of such a scheme would be in mitigating the feeling that the rating system is unfair and in making it explicit that more of the burden of local government spending was being shifted from ratepayers to non-ratepayers.

It is true that a system of fixed tax allowances worth the same in cash terms for every ratepayer liable to income-tax, coupled with a rejigging of tax thresholds and rate rebates to avoid creating a poverty gap for poorer ratepaying householders, would be less regressive than the present domestic ratepayers' subsidy. But broadly the same result could be achieved, at less administrative trouble, by increasing the rate support grant. Because of rate rebates and supplementary benefit, the rating system is not unprogressive as it is. In any case, the

important consideration is the progressivity of taxation as a whole and not just one part—such as property rates.

Re-distributing the present domestic rates, which gives most benefit to the occupiers of the higher-valued properties, by a system of fixed income tax allowances would sharply change the incidence of rates as between individual ratepayers. To ward off the inevitable outcry, the tax allowance scheme would have to be pitched at a sufficiently high level to confer some net benefit on the majority of ratepayers and this would be expensive.

Under the scheme outlined by Mr. Allison yesterday, all but the top 3-4 per cent of domestic ratepayers would gain some advantage at a cost to the Exchequer of some £750m a year (at 1977-78 prices).

The balance between direct and indirect taxation would thus be shifted a further notch or two the wrong way; the accountability of local government would be further eroded; the share of net local spending financed by the taxpayer would be raised from 61 per cent to 67 per cent with obvious implications for local autonomy.

As it is, householders are receiving in subsidies and mortgage tax relief about one and a half times the amount they are paying in domestic rates.

All in all, a system of tax allowances for rates would appear to be something of a political gimmick which would contribute nothing to resolving the basic problems of evolving an effective and efficient local government relationship and putting the rating system on a satisfactory footing. This last point would be met by replacing the present rental value basis of valuation, which is on the point of breaking down for lack of evidence of market rentals, by a system of capital valuation as in other countries where the majority of house-

holders own their homes.

THE MOST OPTIMISTIC assessment, a senior diplomat said, "is that the Shah is in a carefully controlled slide downhill, until he reaches a new level which he can maintain." But while the western powers are hoping against hope that that level will be established by next summer's general elections and the establishment of a New Look Iran, in which the Shah rules a little less and the parliament comes into its own, outside the streets the shouting grows louder: "Where has the oil money gone? Death to the traitor Shah!" and "Death to Khomeini!" the monarch's most implacable opponent.

After 14 years of stifling dullness, in which the people were spoon-fed larger and larger goblets of material wealth to preserve its docility and create a stable base for the Pahlavi dynasty, the dam has burst. The momentum of events is gathering, and the question is whether the Shah is really controlling that slide, or whether the situation is getting out of his control.

Strikes, once almost unheard of, have brought government business to a standstill. Transport, health, postal and telecommunications services have been disrupted. Key sectors of the economy, including oil, copper and steel, are suffering. The motives are essentially economic, even though the timing is due to the political uncertainties. The sense of grievance is one of injustice done towards the long suffering public sector, supposedly the backbone of the Shah's system.

The wildfire of strikes owes much to the climate of individual protest and dissent that pervades so much of the country. Undoubtedly there is an element of political scheming behind the troubles, but it is probably no more than a poker prodding the fire, rather than a bellows to fan the flames. Open strikes are such a novelty in Iran, that the disorganised workers in the electricity undertaking and on the railroads have caused far less disruption than they could have done.

But the atmosphere of crisis this week emanates from a combination of forces. With a minimum of prompting from activists, teachers and schoolchildren in many parts of the country stopped work to join those on the streets already calling for the return from exile of Ayatollah Khomeini, the Shah's chief religious opponent. There were marches and demonstrations, clashes with security forces not prepared to tolerate the slogans and the prospect of an all-engulfing tidal wave—no matter what the Shah had said in the parliament last Friday about the importance of different views, and his determination to persist with his liberalisation programme—and there was the bloodshed, to heighten passions. The threshold at which the

average bemused citizen becomes incensed to daily violence has been raised dramatically. A death toll of at least 30 in the past fortnight has been accepted with little surprise. Since the street violence against the Shah began, almost exactly a year ago, at a conservative estimate 1,200 people have died as a result of political agitation.

"The strongest aspect of the new Government," one Ambassador told me, "is its sense of realism. It is aware of the size of the task ahead, and the difficulties that lie in its way." The first of these difficulties is how to gain credibility. Few people believe that the 68-year-old Premier, Mr. Jafar Sharif-Emami, a former failed "grand vizir" of the Shah's and very much a member of the royal establishment, is his own master.

Most people would agree that Mr. Sharif-Emami is trying hard to convince a deeply cynical public that his Government of National Reconciliation is precisely that. The innovation of live broadcasting of stormy debates in the Majlis, the lower house of parliament, attracted widespread attention. An amnesty has been offered to all exiles wanting to return (so long as they accept the Shah's position); and a whole bundle of concessions has been promised to deal with every conceivable cause of social discontent in recent years.

Although the Shah has shifted his political fulcrum at home, to accommodate the demands of the powerful Muslim clergy, externally there has been no change to worry the western powers. Oil exports have been unaffected by the strike in the oil fields. Nor did last month's breakdown of the talks on a new long term agreement between Iran and the BP-led western consortium, which produces most of the country's crude, have any adverse consequences.

It must be a source of considerable, bitter irony for the Shah that for all the great increase of living standards that has taken place in the past decade, he cannot rely on the solid support of any social group, apart from the armed forces. Inflation, corruption and a widening gap between the ostentatious wealthy and the relatively poor have taken their toll.

The army has remained overwhelmingly loyal in its difficult task, as one would expect from a professional caste of officers who owe everything to the two Pahlavi monarchs. But those looking for signs of dissent worry that as the months under martial law go by and no end comes in sight to the agitation, strains might appear in the middle ranks of the officer corps. Some professional discontent is known to exist, and there is a danger that it might develop into political dissent.

A much bigger question mark hangs over the 200,000 odd conscripts doing their military service. Most worrying for the generals were the open appeals to desert from Ayatollah Khomeini and from the demonstrators the soldiers were trying to control.

Oil liftings are increasing steadily as the major companies stock up in anticipation of an OPEC price increase at the end of the year. Iran has in fact done rather better than its neighbours this year in coping with the glut of oil in world

markets. The problems will appear in 1979 with the abatement of demand from the companies as a whole, and the continuing absence of any long-term commitment to fixed liftings from the consortium.

A series of financial time-bombs could then possibly explode simultaneously. First, the political uncertainties mean that Iran's credit rating for syndicated loans has inevitably been inching downwards. Money will of course still be available, but the lack of enthusiasm of many foreign banks for getting involved in recent medium term loans to Iran does not augur well.

Second, to cope with the demands of a tight money policy at home, to bring inflation down, Iran has drawn heavily on its foreign exchange reserves this year. From approximately \$11bn at the start of 1978 they were down to \$6.8bn two weeks ago. They may have to be drawn on further, to pay for the heavy salary increases being awarded to all public sector employees.

One local estimate was that meeting the strikers' demands could cost as much as \$4.2bn over three years. To make matters worse, Government revenues from income taxation

have just been reduced, as part of the concessions to the lower paid. The Government will probably not be able to turn to the banks for extra funds as the straitjacket there is about as tight as it can go without forcing the system into difficulties. Foreign exchange controls have not been imposed, despite the panic outflow of large sums of money last month.

But each extra wave of disturbances pushes more people into taking the decision to go abroad semi-permanently. This will have to be made to what used to be the sacred cows of the Shah's rendition—defence and nuclear power—though as many projects as possible will be deferred.

The Government's attitude towards the economy is said to be to leave it to its own devices for the moment, and concentrate on sorting out the political problems. But foreign bankers are becoming increasingly concerned about what they say is mere drift. The Amouzegar Government had already slowed the economy down so much that there are virtually no major new projects in sight, and that process has continued. The long-awaited sixth five-year plan has disappeared from view.

With the chickens coming home to roost, the Shah is rapidly backtracking, trying to find a new centre to place himself on. Some observers think it may be too late. The Shah was badly shaken by the extent of the hostility to his chosen month in the demonstrations in Tehran, but those who have seen him recently say that he has regained his confidence and shows no sign of giving up.

Ayatollah Khomeini's name is heard everywhere, as a symbol of opposition as well as from any desire to return to traditional Islamic ways. The Shah continues to speak of national unity under himself as the only way to achieving democratic freedom. The plot has entered its later stages, but as yet no one can tell what the final act will bring.

Beginning his liberalisation programme 18 months ago, he seriously misjudged the strength of his own position and the extent of social alienation that had taken place. The day of the opposition to his regime is in fact a nationalist one, from those who dislike the fact that he had surrounded himself with western advisers and members of the heretical Bazaar sect of Islam. The symbol of everything the Muslim clergy, the mullahs, opposed about Pahlavi Iran was Kish Island, the Shah's luxury holiday home in the Gulf. Last winter, just as the religious opposition movement was gathering steam, Kish opened as an exclusive resort, run almost entirely by foreigners. To the cleric it represented westernisation, moral decadence, corruption and vulgar ostentation.

With the chickens coming home to roost, the Shah is rapidly backtracking, trying to find a new centre to place himself on. Some observers think it may be too late. The Shah was badly shaken by the extent of the hostility to his chosen month in the demonstrations in Tehran, but those who have seen him recently say that he has regained his confidence and shows no sign of giving up.

Ayatollah Khomeini's name is heard everywhere, as a symbol of opposition as well as from any desire to return to traditional Islamic ways. The Shah continues to speak of national unity under himself as the only way to achieving democratic freedom. The plot has entered its later stages, but as yet no one can tell what the final act will bring.

## The Shah struggling to retain his grip

By ANDREW WHITLEY, Tehran Correspondent



Crowds demonstrating in the Tehran streets carry aloft a portrait of Ayatollah Khomeini, chief religious opponent of the Shah

## Martial Law

The aim is buy time, to get a breathing space in which the violence might abate and the ground be laid for an orderly general election campaign, starting in the spring. By choosing the middle path of guidance towards "full democracy" sometime in the future, the promise that the Shah holds out, he and Mr. Sharif-Emami with him, are taking a big gamble. A crucial need for it to succeed is an end to the violence. To that extent the odds have worsened in the past few weeks. Nevertheless, with the backing and encouragement of the U.S. and Britain, the Shah has so far resisted the hard line military option open to him in dealing with the unrest.

The imposition of martial law in 12 cities, including Tehran, five weeks ago, came about because the generals had voiced their unease to the Shah for the first time in many years. But it was a half-measure which proved in retrospect to have solved nothing, apart from temporarily halting the opposition bandwagon through its initial shock effect. Significantly, the recent revival of street demonstrations and rioting in over 20 different towns has not led to the extension of army rule.

But while Mr. Sharif-Emami

might have won that battle to prove his sincerity and authority, Wednesday's unilateral action by the martial law authorities in attempting to force full censorship on the local press—in flat contradiction to everything the prime minister had been saying—exposed the differences and the Premier's vulnerability.

For all the genuineness of the Shah's determination to arrive at a more open political system, so as to spread the risk inherent in any system of absolute rule and to get the masses involved, very few Iranians believe that either he or his Prime Minister are guided much by democratic motives.

U.S. and British support for the Shah is probably essential in terms of the psychology of Iranians. "If that support were seen to be withdrawn" a European diplomat commented, "the same would be up for the Shah."

Although the Shah has shifted his political fulcrum at home, to accommodate the demands of the powerful Muslim clergy, externally there has been no change to worry the western powers. Oil exports have been unaffected by the strike in the oil fields. Nor did last month's breakdown of the talks on a new long term agreement between Iran and the BP-led western consortium, which produces most of the country's crude, have any adverse consequences.

It must be a source of considerable, bitter irony for the Shah that for all the great increase of living standards that has taken place in the past decade, he cannot rely on the solid support of any social group, apart from the armed forces. Inflation, corruption and a widening gap between the ostentatious wealthy and the relatively poor have taken their toll.

The army has remained overwhelmingly loyal in its difficult task, as one would expect from a professional caste of officers who owe everything to the two Pahlavi monarchs. But those looking for signs of dissent worry that as the months under martial law go by and no end comes in sight to the agitation, strains might appear in the middle ranks of the officer corps. Some professional discontent is known to exist, and there is a danger that it might develop into political dissent.

A much bigger question mark hangs over the 200,000 odd conscripts doing their military service. Most worrying for the generals were the open appeals to desert from Ayatollah Khomeini and from the demonstrators the soldiers were trying to control.

Oil liftings are increasing steadily as the major companies stock up in anticipation of an OPEC price increase at the end of the year. Iran has in fact done rather better than its neighbours this year in coping with the glut of oil in world

markets. The problems will appear in 1979 with the abatement of demand from the companies as a whole, and the continuing absence of any long-term commitment to fixed liftings from the consortium.

A series of financial time-bombs could then possibly explode simultaneously. First, the political uncertainties mean that Iran's credit rating for syndicated loans has inevitably been inching downwards. Money will of course still be available, but the lack of enthusiasm of many foreign banks for getting involved in recent medium term loans to Iran does not augur well.

Second, to cope with the demands of a tight money policy at home, to bring inflation down, Iran has drawn heavily on its foreign exchange reserves this year. From approximately \$11bn at the start of 1978 they were down to \$6.8bn two weeks ago. They may have to be drawn on further, to pay for the heavy salary increases being awarded to all public sector employees.

One local estimate was that meeting the strikers' demands could cost as much as \$4.2bn over three years. To make matters worse, Government revenues from income taxation

have just been reduced, as part of the concessions to the lower paid. The Government will probably not be able to turn to the banks for extra funds as the straitjacket there is about as tight as it can go without forcing the system into difficulties. Foreign exchange controls have not been imposed, despite the panic outflow of large sums of money last month.

But each extra wave of disturbances pushes more people into taking the decision to go abroad semi-permanently. This will have to be made to what used to be the sacred cows of the Shah's rendition—defence and nuclear power—though as many projects as possible will be deferred.

The Government's attitude towards the economy is said to be to leave it to its own devices for the moment, and concentrate on sorting out the political problems. But foreign bankers are becoming increasingly concerned about what they say is mere drift. The Amouzegar Government had already slowed the economy down so much that there are virtually no major new projects in sight, and that process has continued. The long-awaited sixth five-year plan has disappeared from view.

With the chickens coming home to roost, the Shah is rapidly backtracking, trying to find a new centre to place himself on. Some observers think it may be too late. The Shah was badly shaken by the extent of the hostility to his chosen month in the demonstrations in Tehran, but those who have seen him recently say that he has regained his confidence and shows no sign of giving up.

Ayatollah Khomeini's name is heard everywhere, as a symbol of opposition as well as from any desire to return to traditional Islamic ways. The Shah continues to speak of national unity under himself as the only way to achieving democratic freedom. The plot has entered its later stages, but as yet no one can tell what the final act will bring.

Beginning his liberalisation programme 18 months ago, he seriously misjudged the strength of his own position and the extent of social alienation that had taken place. The day of the opposition to his regime is in fact a nationalist one, from those who dislike the fact that he had surrounded himself with western advisers and members of the heretical Bazaar sect of Islam. The symbol of everything the Muslim clergy, the mullahs, opposed about Pahlavi Iran was Kish Island, the Shah's luxury holiday home in the Gulf. Last winter, just as the religious opposition movement was gathering steam, Kish opened as an exclusive resort, run almost entirely by foreigners. To the cleric it represented westernisation, moral decadence, corruption and vulgar ostentation.

With the chickens coming home to roost, the Shah is rapidly backtracking, trying to find a new centre to place himself on. Some observers think it may be too late. The Shah was badly shaken by the extent of the hostility to his chosen month in the demonstrations in Tehran, but those who have seen him recently say that he has regained his confidence and shows no sign of giving up.

## MEN AND MATTERS

## The problems of privilege

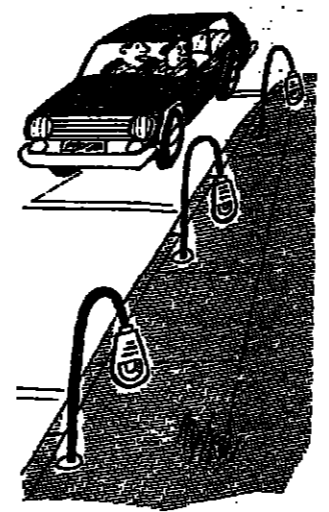
Aims of Industry and the National Association for Freedom were delighted yesterday with their early victory in the Remo Short case. Last night after pressure from both organisations, the BBC broadcast their statement that they had "consistently opposed racism and fascism."

Coming straight after the Tory conference this snippet may have puzzled some viewers. The reason for its being made at all was a somewhat fiery speech of Mrs. Short, MP for Wolverhampton NE, to the Labour conference a week ago. She referred to her two old adversaries Aims and NAFF as "fascist groups" and "hangers-on of the National Front."

The BBC was strangely coy about the debate, refusing to divulge whether it was the first such problem. But the corporation appears to think that a party conference, being a public meeting, attracts qualified privilege for publishers and broadcasters. By agreeing to issue the counter-statement, it feels it has fulfilled its legal obligations.

In fact live broadcasting of conferences may be more dangerous than usually thought. Specialists in libel law tell me a public meeting is just that, public. However, none of the party conferences is public in the sense of being open to the unwelcome.

There is no special protection for the live broadcaster, or for the speakers, unless everyone



"Hard to tell if it's the best or the worst..."

speaks the truth all the time, and can prove it. In the case of party political conferences this might present problems.

## Foreign Toryism

It is usually the Left which campaigns under the banner of internationalism but this year the Tories have decided that they too should pay more heed to brother parties abroad. "It is epoch making. We have consented to recognise foreigners," I was told at the party's International Office. The occasion was what the party says is the first speech ever made by a foreigner to its conference.

The historic moment yesterday afternoon was, however, missed by many in the post-prandial atmosphere. Professor Freitas Do Amaral, president of Portugal's CDS (Centre Democratic Social Party) spoke on behalf of the 13 West European parties which had accepted to join in the Conservatives' festivities. And warning to a theme song for many of these parties he talked of "the crisis in the fight against encroaching collectiv-

ism, creeping socialism and communism."

The Tories explain that their interest in Western Europe arises from the increasing attention they now give to the European parliament. But foreign involvement spreads well beyond the Nine. Diplomats of 67 countries accepted invitations this year, from countries of all blocs and sizes. Some are sending their heads of mission. But Cuba is being represented by a more humble second secretary—which would seem something of a snub were not this true of France too.

## High time

Since the decision to move the Motor Show to Birmingham, Lucas and GKN with their roots firmly in the Midlands, have been vying with each other to boost the event.

Apart from putting on a fireworks display, and promoting a stage show, water skiing displays and parachute drops, Lucas will provide 6,000 chrysanthemums to spell out a welcome to visitors this year. It has also spent £200,000 on a new Press Centre at the National Exhibition Centre.

The present offer jocular rivalry reaches a peak next week when the new Press Centre is to be opened and GKN's chairman, Sir Barrie Heath, commissions his group's permanent contribution, a 100 ft-high clock claimed to be the biggest digital clock in Europe.

But yesterday Lucas men were gloating over the way the clock was telling a different time on each of its four faces.

## City camp

The gentle waft of cooking seduced me to the steps of the Royal Exchange yesterday. Gone were the pigeons and hidden were the paving stones. Instead the scene was one of turf, gas fires and the tents of

48 cub scouts. In teams of six the barefoot brigade was hustling about trying to become "Mr. Spud's Scouting Cooks of the Year."

All was roasting away nicely until a gas cooker exploded on the pitch of Sixth Glasgow Woodland's cubs. But undaunted the 8-10 year olds swooped down on the burning grass, putting out the flames long before five City firemen had come screaming alongside, hatchets at the ready.

One of the guests turned out to be Rodney Galpin, chief of establishment at the Bank of England. He was eating with four killed scouts. And the rest of that Scottish team? As a reward for serving Galpin and their colleagues they were being treated to lunch—at the Bank of England canteen.

## Flying high

Those were the days! In 1927 when stockbrokers entertained their staff they gave them nine-course dinners, or so the history of Sheppards and Chase describes of its own cast. That was the year of the centenary of the firm, which may partially explain such expansiveness, but there certainly seemed to have been the funds to pay for the odd banquet. In 1880, for instance, senior partner Samuel Gurney Sheppard drew no less than £26,000 from the firm: income tax was then 5d in the pound.

But things were not always so quiet. For the years 1891-93 SGS had to forego any drawings. Later, in the 1930s hard times led to the hard sell and one of the later partners in the firm describes how he took up the investment manager of Eagle Star for a joy ride in an aeroplane. The manager reportedly increased the business he gave. He had no wish ever to be courted in such manner again.

Observer

## BRITISH &amp; EUROPEAN PROPERTY

FULLER PEISER offer  
 a complete property  
 service to industry and  
 commerce throughout  
 the United Kingdom  
 and Western Europe

**FULLER PEISER**  
 Chartered Surveyors  
 3-4 Holborn Circus  
 London EC1N 2HL  
 Tel: 01-553 6851  
 Telex: 25916  
 and at Selected European Cities

Valuers and Agents of Industrial and Commercial Property Rating Surveys Plant and Machinery Valuers Property Managers Investment Financial and Development Consultants Fire Loss Assessors Property Managers

So, next time you're flying to South  
America  
fly Aerolineas  
Argentinas.

 **AEROLINEAS  
ARGENTINAS**

# COMPANY NEWS+COMMENT

## Foster Bros. surges to £4m at six months

DEMONSTRATING that Foster Brothers' Clothing Company's forecast of substantial growth in 1978 was well founded, pre-tax profits for the six months to August 31, 1978 have surged ahead from £1.2m to £3.9m.

Although the directors do not see maintenance of this impetus in the second six months, they state that they are confident that profits will show an improvement on the latter six months of last year—when a pre-tax figure of £3.9m was reported.

They point out that first-half turnover—up from £21.7m to £30.02m—is not strictly comparable, for that in the first half of the current year includes sales of Discount for Beauty, which did not join the group until August 31, 1977. However, turnover has been consistently buoyant and volume increases in excess of the national average have been achieved.

The net interim dividend per 25p share is increased from 1.03805p to 1.56827p. An additional payment of 0.02746p, in respect of the reduction in A.C.T., is declared, and this brings last year's total to 2.87353p.

	1977	1978
Group sales	21,700	30,020
Trading profit	2,500	3,900
Surplus on profit	1,200	3,900
Net profit	1,200	3,900
Dividend	1,038	1,568
Second interim	0.027	0.027
Retained	1,400	2,300

### comment

In contrast to last year's first half everything is going in the right direction for Foster Brothers. Men'swear sales are booming, the group has absorbed its unsuccessful women's fashion retailing venture, the Adam's children's wear is now out of the red while the cosmetics operation has been included for the first time in this half. Although the market had been anticipating a strong result—the p/e was 17.1 with a yield of 2.4 per cent—there is still growth left in the second half, which gives scope for a further forward movement in the shares.

The acquisition of Bodewie, a cosmetics and toiletries operation, for cash at the beginning of August will boost the second half figures. Moreover the men'swear boom is continuing and this is Foster's profit powerhouse. About half the goods it sells are made in the Far East so a strong pound helps margins. Directors have indicated that the growth rate will slow but it is still reasonable to anticipate a full year figure around 33m. This drops the prospective p/e to 8.5—below the sector average of 11.5. The yield (assuming cover is maintained at 3.7 times) to 4.4 per cent.

### HIGHLIGHTS

Dubenham has turned in a reasonable first half with the departmental side producing profits 25 per cent higher on a sales gain of 15 per cent while in the second half a number of sale and leaseback operations will bolster the balance sheet. Lex also takes a look at the way investment trusts in general are using new facilities to borrow foreign currencies for investment in EEC securities. Foster Brothers has had a sparkling first half reflecting not only a strong trend in menswear but recovery elsewhere. Mettoy is another company to perform well at the interim mark with profits 26 per cent higher and prospects for the remainder of the year look equally encouraging with retailers restocking ahead of the Christmas period coupled with the trial run for die-cast toys at Marks and Spencer. Fothergill and Harvey has produced a half-time profits 73 per cent higher making the one for three rights announcement somewhat timely. Mowlem, in line with other contractors, appears to be feeling the pinch with half-time profits lower despite the first time inclusion of McTay Engineering.

## Nine month rise for Mettoy

A £31,000 increase in pre-tax profit to £1.5m is reported by Mettoy Company for the 36 weeks to September 9, 1978, from turnover up from £17.75m to £20.05m.

After tax of £0.82m (£0.65m) net profit came out at £0.78m compared with £0.6m last time. Mr. A. Katz, the chairman, says the optimistic view expressed at the AGM has been fully justified. Subject to unforeseen circumstances during Christmas trading, he expects the group to show continued satisfactory results for the year.

The interim dividend is lifted from 1.03p net per 25p share to 1.2p, a rise of 14 per cent, and directors expect to pay a maximum permitted final, last year a 2.12p total was paid on profits of £2.82m. The interim payment absorbs £177,000 (£153,000).

### comment

Mettoy has lived up to the market's best expectations with profits 26 per cent higher for the first 36 weeks. Top spending has picked up substantially and retailers have started stocking up for the Christmas season. The results reflect strong demand for Mettoy's two main products, Corall die-cast toys and Wemley play-balls, although the Budgets range of semi-structured figures continues to disappoint. The current level of consumer spending suggests that volume growth will continue to rise sharply, and the company could be heading for up to £4m for the full year. However, this could be considerably more but for lack of production capacity. Current demand has

already depleted stocks ahead of the important Christmas period and Mettoy will have to stretch resources to the limit to keep up with orders. Meanwhile, Mettoy has won an important customer in Marks and Spencer, which is testing a range of its die-cast toys. A successful outcome could greatly enhance the company's status. The shares are on a prospective p/e of 3.8 while the yield is 4.6 per cent. This is roughly in line with Lesney's prospective ratings.

## Hunting Gibson

ON A substantially reduced turnover of £0.36m for the first half of 1978, compared with £0.22m, Hunting Gibson incurred taxable losses of £162,000 against a profit of £60,400 last time. The group finished 1977 with pre-tax losses of £3.98m after a second-half loss of £4.46m.

Ship trading losses continued for the first half since when, following the disposal of ships, those losses have been halted and the remaining activities continue to produce satisfactory results. The directors anticipate that after taking into account the results of the associated companies, there will be a small group pre-tax profit for the full year.

The figures for the comparative period include the results of subsidiaries which were sold during the year to Hunting Petroleum Services in exchange for shares in that company. The group's share of Hunting Petroleum is included as an associated company with effect from January 1, 1978.

After tax £170,000 (£433,000) the loss came out at £32,000 (£149,000) giving a loss of 23.1p per £1 share, compared with earnings of 2.1p. Because of the availability of substantial UK tax allowances no provision is

made for UK taxation. Tax charge for the first half of 1978 relates to associated companies' profits. The directors announce an interim dividend of 0.1p net per share, against 3p last time so that the Trustee status of the company can be maintained. They state that in the light of their profit forecast for the full year, the question of a final payment will be considered when the results for 1978 are known—last year a final dividend was passed.

## Good start at Ellis & Goldstein

INCLUDING a surplus of £53,000 on the disposal of a lease, taxable profits of £104,000 and Goldstein (Holdings), wholesale manufacturer of coats, costumes etc., increased from £48,000 to £88,000 for the half year ended July 31, 1978. External turnover was ahead from £14.14m to £15.82m.

Mr. William Goldstein, the chairman, says that Spring developed satisfactorily, and less costly end of season markdowns were a significant factor in improving the rate of profit. Autumn trading is satisfactory, he adds, with orders, production and retail sales showing an improvement over last year. However, with peak of the season to come, the result for the full year will depend upon trading, much of which remains to be done. The 1977-78 year Ellis recovered from a depressed £0.93m to £1.23m.

After corporation tax of £24,000 (£251,000) net profit for the first half was £311,000 against £217,000 giving earnings of 1.25p (£0.83p) per 5p share. The interim dividend is lifted to 0.35p (£0.83m) net and on the reduction in A.C.T. an additional dividend for 1977-78 of 0.01332p is also announced—last year's final was 1.02432p.

Mr. Goldstein states that during October, the group completes the sale of the freehold premises and some items of plant at Stockton-on-Tees, for £380,000; the surplus of £153,000 will be included in the full year's results.

The existing use valuation of the remaining freeholds and long leaseholds at July 31, 1978, was £98,000, which gives a surplus of £10,000. He says the directors will not provide deferred tax on this surplus because, for the foreseeable future, they expect to continue full use of these premises. The additional freehold depreciation will be shown in a full year, he adds.

	1977	1978
External turnover	14,140	15,820
Wholesale	1,400	1,400
Retail	12,740	14,420
Trading profit	60,400	162,000
Surplus	60,400	162,000
Profit before tax	60,400	162,000
Corporation tax	21,000	21,000
Net profit	39,400	141,000

\* Disposal of a lease

### DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Adda	0.3	Dec. 6	0.6	1.9	1.7
Atlas Electric Gen. Int.	0.75	Nov. 27	0.4	1.15	1.0
Bronx Engrs.	0.44	Oct. 31	0.4	0.84	0.8
Brumfitts	0.44	Apr. 30	0.92	1.36	1.3
Debenham	1.78	Dec. 8	1.30	3.08	2.75
Domination & General	0.225	Dec. 1	1.5	1.725	1.7
Ellis & Goldstein	0.07	Nov. 22	0.86	0.93	0.9
Feb. Int.	0.74	Dec. 1	0.86	1.6	1.6
Findhorn Finance	13.4	Nov. 9	13.2	26.6	26.4
Foster Bros.	0.157	Dec. 12	1.04	1.197	1.1
John Mowlem	2.5	Nov. 12	1.23	3.73	3.5
John Mowlem	1.38	Nov. 20	1.43	2.81	2.8
Green's Economist	2.12	Nov. 27	2.12	4.24	4.2
Charles Hill of Bristol Int.	Nil	Nil	0.66	0.66	0.6
Howard & Wyndham	0.33	Nov. 17	1.46	1.79	1.7
W. & J. Hosson	1.6	Nov. 24	2.99	4.59	4.5
M. P. Kent	1.23	Nov. 34	2.2	3.43	3.4
Lee Cooper	1.23	Jan. 3	1.03	2.26	2.2
W. & J. Hosson	1.32	Nov. 24	1.33	2.65	2.6
Martin-Baker	3.42	Nov. 30	3.96	7.38	7.3
Mettoy	1.2	Jan. 3	1.03	2.23	2.2
Moss Bros.	1.23	Nov. 24	1.33	2.56	2.5
Photo-Me	4.05	Nov. 30	3.96	8.01	8.0
Photoflex	2.10	Nov. 28	2.19	4.29	4.2
Austin Reed	1.1	Dec. 2	0.45	1.55	1.5
Selwyns	2.05	Nov. 24	0.45	2.50	2.5

Dividends shown per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.0116p for 1977-78. § Additional 0.0044p for 1977-78. || Additional 0.0385p now payable. \*\* Additional 0.01332p for 1977-78. †† Additional 0.02746p for 1977-78. ‡‡ 0.9395p total forecast.

## John Mowlem hit by lower associate profits

REFLECTING a decline in share of associate profits from £770,000 to £110,000, pre-tax profits of John Mowlem & Co., construction group, fell from £2.5m to £2.41m for the first half of 1978.

The directors point out that profits of the Australian associate were exceptionally high in 1977. Since then they have been affected by the downturn in the Australian economy and there have also been some losses in the Abu Dhabi associate.

Competition at home and abroad remains strong and continues to affect margins, the directors report. Associate companies are not expected to produce such good results as last year but for the group's other activities they look good for satisfactory results. For the full year group profits totalled £6.13m.

Mr. Mowlem states that while the group's share of profits from the Abu Dhabi associate after breaking even has drifted into loss and provisions have had to be made. In the balance sheet net cash has dropped to £8.4m from £10.5m. As public bodies (such as water authorities and local authorities) reduce advance payments, net interest receivable has dropped from £224,000 to £114,000. Pre-tax profits for the full year could be £5.5m, compared with £6.14m. So the shares stand on a prospective p/e of 7.1 and yield 9 per cent. The reaction in the share price may be overdone.

	1977	1978
Turnover	2,500	2,410
Share of assoc.	770	110
Domination	1,000	1,000
Rental income	114	92
Investment	1,000	1,000
Sale of securities	197	12
Trading profit	2,258	1,923
Share profit	1,677	1,477
Share before tax	2,407	2,246
Share after tax	1,225	1,228
Profit after tax	261	186
Related	914	1,124

First half earnings per 25p share are stated at 7.43p (10.14p) and done.

### SHARE STAKES

Trust Houses Forte—E. Hart, will, director, on Sept. 25 sold 25,000 shares.  
Heywood Williams Group—D. Scholes is converting £2,003 loan into 88,578 ordinary shares. Potential holdings now 238,767 ordinary, 6,250 preference and £1,981 loan stock.  
Evered and Co. Holdings—Sir T. Harford, chairman, bought 20,000 shares at 25p ex dividend on Sept. 12.  
Randell-Perngla Holdings—Britannic Assurance has acquired further ordinary shares which brings its holding to 600,000 (9.42 per cent).  
Wyndham Engineering—Beal and Son has disposed of its entire holding of 89,246 shares (14.575 per cent).  
C. J. Japan Investment Trust—Merchant Navy Officers' Pension Fund owns 273,000 shares (5.5 per cent).  
Uniford Holdings—Guinness Post group acquired 100,000 shares on September 1 and 150,000 shares on September 29. Total interest 6,112,546 shares.  
Brooks Group of Companies—R. R. Clark, director, acquired 183,000 shares and G. G. Irwin 40,230 shares in April 1977.  
Castings—Britannic Assurance Company has bought 2,500 shares making total holding 677,000 shares (10.01 per cent).

Agents, Valuers, Surveyors and Auctioneers of Property and Plant  
**Henry Butcher & Co**  
Leopold Farmer & Sons  
Birmingham

## Fothergill & Harvey growth—£1.7m rights

A £1.74m rights issue is proposed by Fothergill and Harvey, the Lancashire-based manufacturer of industrial textiles and specialist plastics.

Fothergill also announces half-year figures to July 15 1978 showing a rise in pre-tax profits from £435,000 to £783,000. Terms of the rights call are one-for-three at 88p each. Underlining the reasons for the issue the directors point to the significant developments that have been taken place within the company. In 1977 there were two acquisitions, Acheson, Treatments (now trading as Armourcrete Surface Treatments) and the proofings operation of the Comnoflex division of TI Flexible Tubes (now trading as Proofings).

A new company, Fothergill and Harvey Structures (where Fothergill has a 74 per cent stake) has also been formed. In addition the Tygature division has started marketing irradiated polymeric insulated wires under licence from the British Insulating Co. Work is currently on hand for the manufacture of these wires in the UK.

In addition to these new activities the company is continuing to look for further opportunities for acquisitions and investments. Jones Street which holds 22.7 per cent of the equity of Fothergill has undertaken to take up its rights.

The half-year figures show sales of £7.25m (£6.18m) which includes £618,000 from two acquisitions. The pre-tax figure is struck after an interest charge of £31,000 against £697,000 and after lower taxation the net attributable profit is £711,000 against £287,000.

The improved profitability reflects the increase in demand during the second half of last year in the higher margin sectors of the group. The trading pattern since July has been maintained at about the same level as in the first half and this should be reflected in the results for the full year.

The directors have decided to increase the interim dividend from 2.25p to 2.5p. They intend to recommend a final dividend of 4.55p making a total of 6.80p per share, compared with 6.213p paid in 1977.

An agm is called for October 27. Brokers to the issue are de Zoete and Bc. In.

**comment**  
Fothergill and Harvey has chosen a good moment to ask shareholders for cash: boosted by a 73 per cent rise in taxable pre-tax profits the shares finished 3p June 30, 1979.

### AECI LIMITED

(Incorporated in the Republic of South Africa)

### NOTICE TO PREFERENCE SHAREHOLDERS

### DIVIDEND NO. 81

Notice is hereby given that on 7 September 1978 the Directors of AECI Limited declared a dividend at the rate of 51 1/2 per centum for the six months ending 15th December 1977 payable on the books of the Company at the close of business on 3 November 1978.

The dividend is declared in United Kingdom currency and warrants in payment will be posted from the offices of the transfer secretaries in South Africa and the United Kingdom on 12 December 1978.

Dividends payable from Johannesburg will be paid in South African currency at the rate of exchange ruling on 3 November 1978.

Any change of address or dividend instruction involving a change in the office of payment, if intended to apply to this dividend, must be received on or before 3 November 1978 and members must, where necessary, have obtained the approval of the South African Exchange Control Authorities and, if applicable, the approval of any other Exchange Control Authorities having jurisdiction in respect of such changes. Changes of address or dividend instructions to apply to this dividend which do not involve a change in the office of payment must be received not later than 1 December 1978.

In terms of the Republic of South Africa Income Tax Act 1962 (as amended) dividends payable to persons not ordinarily resident nor carrying on business in the Republic or to companies not registered or carrying on business in the Republic are subject to deduction in respect of non-resident shareholders tax at the rate of 13.7025%.

With regard to warrants despatched from the United Kingdom office, United Kingdom income tax at the basic rate less, where applicable, the appropriate double tax relief, will be deducted from the dividends paid except in cases where the holder's address and the address to which the dividend is sent are both outside the United Kingdom and in cases (if any) where the company has received from the Inspector of Foreign Dividends in Great Britain a certificate exempting the dividend from United Kingdom income tax.

The transfer books and registers of members in Johannesburg and the United Kingdom will be closed from 4 November 1978 to 17 November 1978 both days inclusive.

Carlton Centre  
Johannesburg  
13 October 1978  
Transfer Secretaries:  
Consolidated Share Registrars Limited  
62 Marshall Street, Johannesburg 2001 and  
Charter Consolidated Limited, Charter House  
Park Street, Ashford, Kent, TN 24 8EQ, England

By order of the Board  
J. J. LOW  
Secretary

### Published notification of rate of interest for first six months

### ARAB MALASIAN DEVELOPMENT BANK, BERHAD

### U.S. \$20,000,000

### Floating Rate Notes due 1983

For the six months October 12th, 1978 to April 12th, 1979 the notes will carry an interest rate of 10 1/8 per annum

Listed on the Luxembourg Stock Exchange

For the six months October 12th, 1978 to April 12th, 1979 the notes will carry an interest rate of 10 1/8 per annum

Listed on the Luxembourg Stock Exchange

For the six months October 12th, 1978 to April 12th, 1979 the notes will carry an interest rate of 10 1/8 per annum

Listed on the Luxembourg Stock Exchange

For the six months October 12th, 1978 to April 12th, 1979 the notes will carry an interest rate of 10 1/8 per annum

Listed on the Luxembourg Stock Exchange

For the six months October 12th, 1978 to April 12th, 1979 the notes will carry an interest rate of 10 1/8 per annum

Listed on the Luxembourg Stock Exchange

For the six months October 12th, 1978 to April 12th, 1979 the notes will carry an interest rate of 10 1/8 per annum

Listed on the Luxembourg Stock Exchange

For the six months October 12th, 1978 to April 12th, 1979 the notes will carry an interest rate of 10 1/8 per annum

Listed on the Luxembourg Stock Exchange

For the six months October 12th, 1978 to April 12th, 1979 the notes will carry an interest rate of 10 1/8 per annum

Listed on the Luxembourg Stock Exchange

For years people in the seed business had no protection if the seed failed to deliver the expected crop.

If you sold barley seed and tomatoes came up, or the seed failed to germinate, you could have a lawsuit on your hands with no insurance to cover you. The buyer of your seeds may lose a whole season and a very substantial payroll along with his profit.

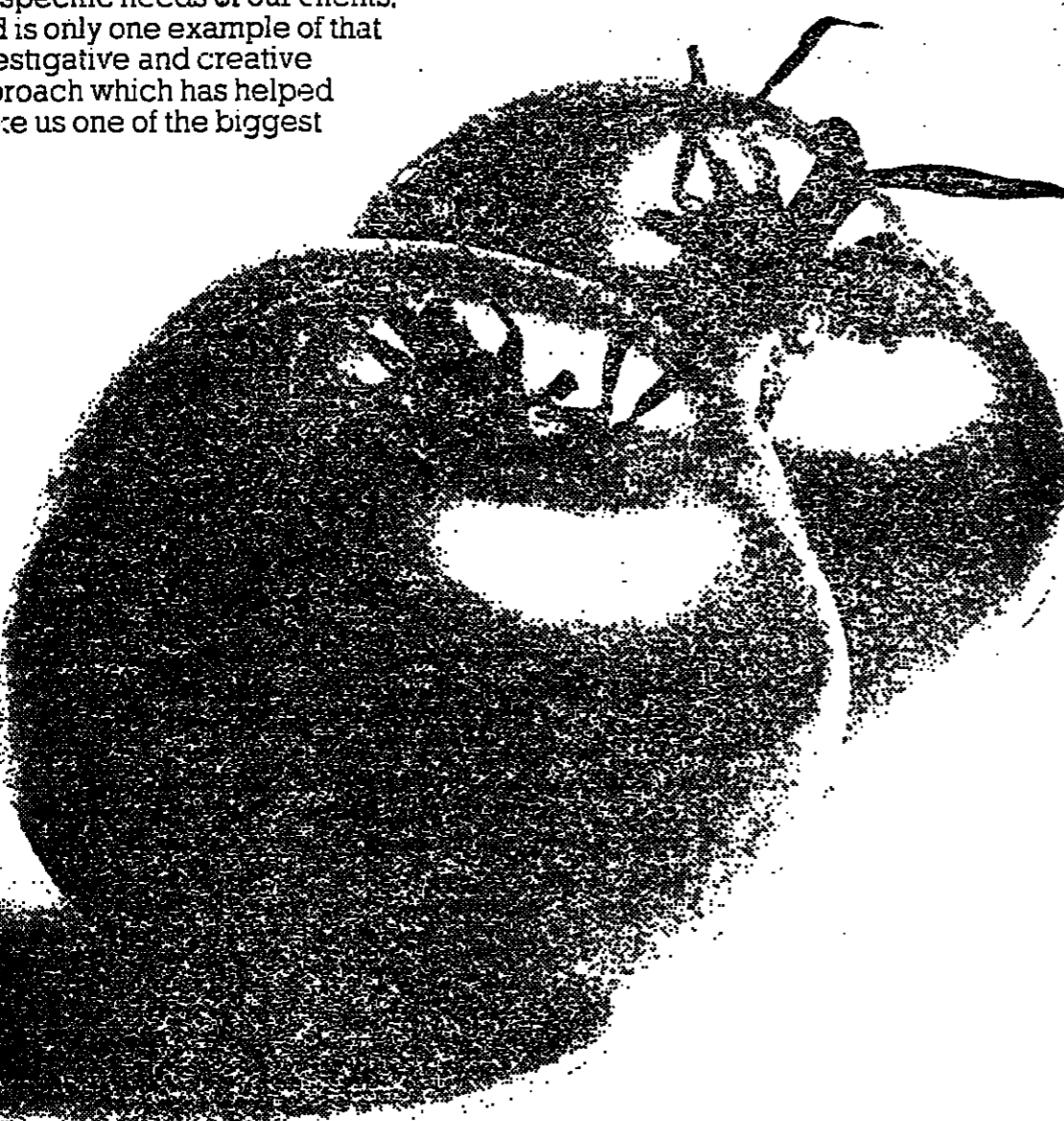
That's where Hogg Robinson came in. Our Seedsmen's Errors and Omissions policy provided coverage in a field where before none existed.

That is one example of the way Hogg Robinson operate—shaping insurance to the specific needs of our clients. And is only one example of that investigative and creative approach which has helped make us one of the biggest

insurance broking groups in the world. And that approach goes beyond insurance broking. For Hogg Robinson is also deeply involved in pensions, underwriting, travel, freight, packing and shipping.

If you'd like to know more about our services please write or phone: Hogg Robinson Group Ltd., Lloyds Chambers, 9-13 Crutched Friars, London EC3N 2JS. Telephone: 01-709 0575. (Howard Parsons)

The international insurance group.



## Sour grapes.

مكتبة الأمل

# Debenhams rises 58% to £4.86m at halfway Adda up and confident

PRE-TAX profits of Debenhams for the 26 weeks to August 12, 1978, increased by 58 per cent from £3.07m to £4.86m, before an exceptional credit of £17,000, against £1,577,000 being the profit in the redemption of debentures. To be taken into account for the full year will be profits on sale of fixed assets, costs associated with the sale of closure of stores, and revenue costs associated with the opening and rebuilding of stores, as usual.

So far, the net cost for the year is £927,000 (£220,000) not included in the figure—and is compared with an exceptional credit of £11,530m for the 1977-78 year which was added to profits of £18.7m for that period.

Before VAT of £13.16m (£11.7m) sales for the first half were ahead from £24.07m to £24.07m. The figure excludes £4.50m of turnover relating to the department stores at Nottingham and Valence, and the department store at Bradford, which have been sold or closed since August 12, 1977, has been included.

The directors say the rate of sales in the food division (Caterers) has been reduced considerably since the second half of 1977-78 and they expect this division to make a small profit for the full year.

The operations of the photographic business continue to be unprofitable, but it is anticipated that the overall loss for the year will be less than last year. The company's losses over the last few months, included in the first half figures, is £1.18m.

After tax of £1.31m (£1.20m), presenting ACT on dividends, the company's income for the first half is shown as almost doubled on 14p in 27p per 25p share, and 3.7p (2.2p) on a nil distribution basis.

The interim dividend is increased from 1.50p to 1.77p per share, net of £2.37m against £2.13m last year's final payment was £2.281p.

Work is currently being undertaken to establish the separate values of land and buildings. Pending its completion, no provision for depreciation on freehold and long leasehold buildings has been included as is required by SSAP 12.

The orders include equipment designs which were produced by the company during the last three years.

The net interim dividend is stepped up to 0.44p (0.4p)—the final last time was 1.12p. Net profit emerged at £2.75m (£1.75,000) after tax of £30.1m (£190,000).

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

## Bruntons rise in first half

REFLECTING THE continuing demand for all of their group's steel products, the directors of Bruntons (Musselburgh) report a slight fall in turnover from £5.33m to £5.42m in the first half of 1978, and there was only a small rise in taxable profits to £587,000.

They add that in the first two months of the second half, trading profits were running above the average for the first half, and indications are that pre-tax profits for the whole year will be in line with the £1.72m achieved in 1977, despite the fact there will be no comparable benefit from capital gains (£102,000 for 1977).

The interim dividend is stepped up to 3.44p (3.08p) net per 25p share and there is an additional payment of 0.65p for 1977 on the reduction in ACT. Also announced is a second interim of 4.37p (4.31p) which will make the total 7.52p.

Turnover for the first half of 1978 was £5.42m (1977 £5.33m). Trading profit was £1.72m (1977 £1.72m). Pre-tax profit was £587,000 (1977 £587,000). After tax profit was £437,000 (1977 £437,000).

First half sales were sustained at £7.02m (£7.01m) and though the world-wide lack of confidence in the steel industry still exists, in the last months the company has won export contracts of £217,000.

Again there is no interim dividend but a single payment is forecast for mid-1978. The payment last time was 0.18p net. Retained profit for the half year amounted to £54,000 (£50,000).

On September 8 the group placed 137,499 Crystalline (Holdings) ordinary shares at 34p. The holding arose from the conversion of £75,000 of Crystalline's 8 per cent convertible unsecured loan stock into £25,000 ordinary shares at 12p each together with 312,499 shares received by way of rights at 10p each in March 1978.

ACQUISITIONS AND reorganisation enabled Howard and Wyndham, publisher and retail jeweller, to more than double taxable profit for the year June 30, 1978, from £117,599 to £314,915, following a recovery from a £3,844 loss to a £149,963 surplus in the second half.

The directors say they are confident this favourable trend will continue and probably accelerate in 1979 and trading performance to date supports this view.

Sales for the year were almost 2m higher at £16.35m and trading profit jumped to £741,453 (£418,995).

Net asset value at year end was 48p (42p) and net current assets amounted to £3.27m (£2.88m). Earnings per 20p share are stated at 4.6p (1.2p) or 4.9p (4.6p) after extraordinary gains of £19,377 (£277,883).

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contribution from new acquisitions already announced as they had not been acquired at the end of the period under review.

These include the 11-store hotel group, increased from £405,000 to £621,000 for the 26 weeks to July 9, 1978, on turnover up from £3.44m to £4.22m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak 1984,775 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.



## London & Provincial on course for record year

ENCOURAGING trend, according to the directors of London & Provincial, is that the company's performance at the end of last year, up to the first half of 1978, was a £300,000 advance on £250,000.

The directors, now say that the second half will show a continuation of this trend, but due to the nature of the group's business the improvement will not be of the same order as that of the first half.

Profit for the last full year was a record £2,080,000, an increase from £1,780,000 in 1977, and as the table below shows the greater part of the improvement originated in UK operations.

	1977	1978
Turnover	£1,100,000	£1,150,000
Profit before tax	£250,000	£300,000
Tax	£50,000	£60,000
Profit after tax	£200,000	£240,000
Dividends	£100,000	£120,000
Reserves	£100,000	£120,000

### Atlas Electric and General

to tax of £527,444 compared with £532,749, net profit of £1,284,082 in the September 30, half year.

## Goldman defers reconstruction

capital reconstruction of Goldman, which has been postponed, is now expected to be completed by June 30, 1978, which will result in a surplus of £13,500,000 from continuing operations of £13,500,000. This compares with a deficit of £7,000,000 in the September 30, half year.

cause of the tax implications of a proposed change in the company's accounting date to a March 31 end has been dropped and current financial period ends on October 31, 1978, as

gross income was £2,700,000 compared with £2,520,000, and directors say there was an additional £125,000 of income normally received in the second half.

The interim dividend is fixed from 8.5p to 9.5p to reduce disparity and directors say this should not be taken as an indication of an increase in the price for the year. Last time a 1.5p final was paid on record of £2,520,000. Net asset value of the same order as that now reported, given at 11.5p at March 31 last.

### Photo-Me slows in second half

AFTER ITS £174,000 increase to £1,235,000 at half-time, growth in taxable profit at Photo-Me International, slowed in the second half with the total for the year ahead from £2,016,000 to £2,225,000.

Turnover was up from £16,200,000 to £17,500,000.

	1977	1978
Turnover	£16,200,000	£17,500,000
Profit before tax	£250,000	£300,000
Tax	£50,000	£60,000
Profit after tax	£200,000	£240,000
Dividends	£100,000	£120,000
Reserves	£100,000	£120,000

It is in these circumstances that the Board considered that the capital reconstruction announced in March should be deferred for the time being.

At known, Claremont, Cash and Carry has been sold to Hostgate for £50,000, Hostgate being a company-owned and controlled by Mr. R. E. Chernet, managing director of Claremont and until September 30 a director of Goldman. The contract is conditional on prior shareholders' consent.

An ex-gratia payment of £10,000 to Mr. Chernet is proposed following his resignation from the group Board.

Turning to the remainder of Goldman, the directors say buoyant sales are anticipated.

The group makes, operates and sells automatic coin-operated photographic vending machines.

### Lee Cooper well ahead at halfway

TAXABLE PROFIT of Lee Cooper Group bounded ahead from £1.4m to £2.48m in the June 30, 1978, half year on turnover well ahead from £23.8m to £31.75m.

After tax of £1.02m (£580,000) net profit came out at £1.48m against £840,000 last time.

Directors say that group activities are proceeding in a satisfactory manner and results for the full year should be "very good."

The interim dividend is up from an adjusted 0.8185p to 1.25p net per 25p share. Last year, on record profits of £3.7m, an equivalent 1.2573p final was paid.

### Mills and Allen ahead in first quarter

Sir Ian Morrow, chairman of Mills and Allen International, outdoor advertising contractors and foreign exchange brokers, said at the annual meeting that profits for the first quarter were ahead of those for the corresponding period last year.

At September 30 borrowings were down by approximately £1m compared with the end of June. At June 30 the level of net

borrowings had fallen from £9.4m to £8.3m.

Dale Electric International, manufacturer of diesel and battery based power systems, was performing up to target in the current year, Mr. Leonard Dale, chairman, reported.

He added: "Our invoiced sales in Dale Electric of Great Britain are up 30 per cent on last year—and yet we cannot keep pace with orders."

Market conditions were not easy, particularly on the export side. Nonetheless, the company had a full order book, taken with the need to cut margins, right up to the end of the current year and beyond.

Business at other main subsidiaries—Erskine and Houchin—was good, Mr. Dale stated. Erskine was well on target and Houchin was progressing well with an order book equivalent to six months' production.

Management accounts at Ethel Company indicated that the outcome of the first half would compare favourably with the same period of last year, the meeting was told.

Currently output was at a "satisfyingly high level" reflecting the good demand for all products, and the order book was satisfactory.

## Second half boosts M. P. Kent

FOLLOWING A £16,000 dip in first half profits to £287,000, a £64,000 second half improvement has left taxable profit of M. P. Kent 25.1 per cent higher at £1.1m in the June 30, 1978, year.

At half-time directors said they would be disappointed if the full year figures did not show a significant improvement on the previous year.

Turnover of the housing and property developer jumped from £9.04m to £13.67m and profit came after interest of £294,000 (£208,000). Net profit came out at £322,000 against £410,000 last time. The pre-tax margin on sales is given at 8.1 per cent compared with 9 per cent last time.

Earnings per share are stated at 8.5p against 2.7p, and the final dividend of 1.8p net lifts the total from 2.06p to 2.26p.

Directors say shareholders' funds now stand at £7.55m and following a £2.13m reduction in indebtedness gearing is down to 28.3 per cent of shareholders' funds.

They say that with exciting developments in the pipeline and the strength of the balance sheet they view the future with confidence.



**PREUSSAG**  
Aktiengesellschaft

has become the controlling shareholder of

## Amalgamated Metal Corporation Limited

The undersigned acted as financial advisers to  
Preussag Aktiengesellschaft

## Lazard Brothers & Co., Limited

## Westdeutsche Landesbank Girozentrale



CORPORATION LIMITED



F.W. SELLERS, CHAIRMAN  
SPIROLL CORPORATION LTD.



K.F. CLARK  
PRESIDENT AND CHIEF OPERATING OFFICER  
SPIROLL CORPORATION LTD.

The Board of Directors of Dionian Industries Ltd. announces an important management progression within Spiroll Corporation Ltd., one of The Dionian Group of Companies.

Effective immediately, Kenneth F. Clark is appointed President and Chief Operating Officer of Spiroll Corporation Ltd. with additional responsibilities for direct operational control of its United Kingdom subsidiary, Spiroll International Ltd. Mr. Clark was formerly General Manager, International Marketing for the Company.

His appointment to the Company's senior operating position is the most recent in a continuum of planned growth and development that Spiroll has enjoyed in recent years. In his previous position, Mr. Clark developed and led a team of professional and technical service specialists whose efforts have culminated in recent record earnings and back log of orders for the company.

Mr. F. W. Sellers, formerly President and Chief Executive Officer of Spiroll Corporation Ltd. continues as Chairman of Spiroll Corporation Ltd. and Chairman and Chief Executive Officer of Dionian Industries Ltd. During the 14 years under the direct operational control of Mr. Sellers, Spiroll grew from a largely research oriented company to a position of acknowledged world leadership in the field of prestressed hollow core concrete production systems and technology.

Spiroll exports more than 90% of its productive output to a growing network of licensed producers that currently operate some 80 plants in more than 30 countries.

This management progression is designed to enable Spiroll to continue to increase its leadership role in the industry, accelerate its already well established penetration of international markets and enhance its demonstrated ability to respond positively to changing world conditions.

This announcement appears as a matter of record only

## COMISIÓN FEDERAL DE ELECTRICIDAD MEXICO, D.F.

### US\$ 30,000,000 Medium Term Loan

Arranged by Banque Belge Limited  
(Société Générale de Banque Group)

Managed and Provided by  
Banca Commerciale Italiana (London Branch)  
Banque Belge Limited  
Credit Suisse  
Midland Bank Limited  
The Mitsui Trust & Banking Company Limited  
Société Générale de Banque S.A.

Agent

Banque Belge Limited

### INTERIM STATEMENT

# Collett Dickenson Pearce

Advertising agents

Half-yearly report  
Six months to 30th June 1978

The directors present the unaudited group results for the six months to 30th June 1978.

	Six months to 30th June 1978	Six months to 30th June 1977	Year to 31st December 1977
	£	£	£
Trading profit before taxation	904,408	542,621	1,386,259
Taxation	547,912	334,456	925,758
Profit after taxation	356,496	208,165	460,501

The directors have declared an interim dividend of 1.7381p per share payable on 27th November 1978 to shareholders on the register on 27th October 1978. With the related tax credit this dividend is equivalent to 2.5941p per share which represents a 10% increase over the interim dividend of 2.3583p paid in 1977. The net cost to the company of this payment is £57,941 (1977—£51,887).

The pattern of trading continues to change, and the trading profit for the six months to 30th June 1978 is expected to be well above half that for the whole year. The profit for the year is however expected to be above that for last year.

Clients and products handled by Collett Dickenson Pearce and Partners, London: Abbey Life, Alcan Windows, Barclays Bank, Birds Eye Foods (Cod in Sauce, Crispy Fish, Pies, Beefburgers, Roast Meats, Ready Meals, Cakes), The Building Societies Association, Carnation Foods (Slender Slimming Food, Go Cat, Go Dog), Central Office of Information (TV Licence Evasion, Army Officer Recruitment, Queen Alexandra's Nurses), Cinzano, Clarks Limited (Shoemakers), Cunard, Express Newspapers, Domecq's Sherries, Dunn & Co., EMI Records, Fiat, Fine Fare, Formica, Gallaher (Benson & Hedges, Silk Cut, Hamlet Cigars, Mellow Virginia Pipe Tobacco, Gold Bond), GKN, Heinz (Big Soups, Low Calorie Soups), Hovis Bread, ICI (Vymura Products), J&B Rare Scotch Whisky, Mary Quant Cosmetics, Metropolitan Police, Myer's Beds, Nabisco (Hovis Crackers), Olympus Cameras, Parker Pen, Pretty Polly Stockings, Reckitt & Colman (Supersoft, Mr Sheen, Jif Products, Robinson Drinks, Windolene), RHM Foods (Faxo), Ronson (Shavers, Hairdryers, Toothbrushes), Texaco, Trebor Limited, Walls (Sausages, Bacon, Pies), Whitbread (Heineken, Pale Ale, Gold Label, Mackeson, Long John, Stella Artois).

Incorporated in England and Wales



## NOTICE OF EARLY REDEMPTION

To The Holders of

## Curacao Tokyo Holding N.V.

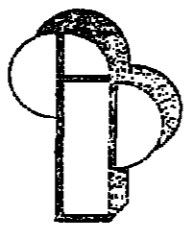
10% per cent. Guaranteed Notes due 1981

The Bank of Tokyo Trust Company hereby announces that Notes in the principal amount of U.S. \$6,000,000 have been drawn in the presence of a Notary Public for the mandatory redemption instalment due on 15th November, 1978 (which includes the option to redeem additional Notes at par).

The serial numbers of the Notes drawn are as follows:

1	542	1081	1589	2074	2617	3111	3687	4128	4618	5146	5621	6120	6631	7168	7702	8238	8810	9270	9767	10282	10820	11370	11829	12309	12864	13439	13995	14585	15143	15694	16249	16825	17443	17915	18231	18777	19199	19677
2	544	1083	1590	2076	2622	3116	3692	4133	4623	5151	5626	6125	6636	7173	7707	8243	8815	9274	9771	10286	10824	11374	11833	12313	12868	13443	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
3	546	1085	1592	2078	2624	3118	3694	4135	4625	5153	5628	6127	6638	7175	7709	8245	8817	9276	9773	10290	10826	11376	11835	12315	12870	13447	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
4	548	1087	1594	2080	2626	3120	3696	4137	4627	5155	5630	6129	6640	7177	7711	8247	8819	9278	9775	10292	10828	11378	11837	12317	12872	13449	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
5	550	1089	1596	2082	2628	3122	3698	4139	4629	5157	5634	6131	6642	7179	7713	8249	8821	9280	9777	10294	10830	11378	11839	12319	12874	13451	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
6	552	1091	1598	2084	2630	3124	3700	4141	4631	5159	5636	6133	6644	7181	7715	8251	8823	9282	9781	10296	10832	11378	11841	12319	12876	13453	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
7	554	1093	1600	2086	2632	3126	3702	4143	4633	5161	5638	6135	6646	7183	7717	8253	8825	9284	9783	10298	10834	11378	11843	12319	12878	13455	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
8	556	1095	1602	2088	2634	3128	3704	4145	4635	5163	5640	6137	6648	7185	7719	8255	8827	9286	9785	10300	10836	11378	11845	12319	12879	13457	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
9	558	1097	1604	2090	2636	3130	3706	4147	4637	5165	5642	6139	6650	7187	7721	8257	8829	9288	9787	10302	10838	11378	11847	12319	12880	13459	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
10	560	1099	1606	2092	2638	3132	3708	4149	4639	5167	5644	6141	6652	7189	7723	8259	8831	9290	9789	10304	10840	11378	11849	12319	12882	13461	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
11	562	1101	1608	2094	2640	3134	3710	4151	4641	5169	5646	6143	6654	7191	7725	8261	8833	9292	9791	10306	10842	11378	11851	12319	12882	13463	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
12	564	1103	1610	2096	2642	3136	3712	4153	4643	5171	5648	6145	6656	7193	7727	8263	8835	9294	9793	10308	10844	11378	11853	12319	12884	13465	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
13	566	1105	1612	2098	2644	3138	3714	4155	4645	5173	5650	6147	6658	7195	7729	8265	8837	9296	9795	10310	10846	11378	11855	12319	12886	13467	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
14	568	1107	1614	2100	2646	3140	3716	4157	4647	5175	5652	6149	6660	7197	7731	8267	8839	9298	9797	10312	10848	11378	11857	12319	12886	13469	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
15	570	1109	1616	2102	2648	3142	3718	4159	4649	5177	5654	6151	6662	7199	7733	8269	8841	9300	9799	10314	10850	11378	11859	12319	12888	13471	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
16	572	1111	1618	2104	2650	3144	3720	4161	4651	5179	5656	6153	6664	7201	7735	8271	8843	9302	9801	10316	10852	11378	11861	12319	12888	13473	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
17	574	1113	1620	2106	2652	3146	3722	4163	4653	5181	5658	6155	6666	7203	7737	8273	8845	9304	9803	10318	10854	11378	11863	12319	12890	13475	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
18	576	1115	1622	2108	2654	3148	3724	4165	4655	5183	5660	6157	6668	7205	7739	8275	8847	9306	9805	10320	10856	11378	11865	12319	12892	13477	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
19	578	1117	1624	2110	2656	3150	3726	4167	4657	5185	5662	6159	6670	7207	7741	8277	8849	9308	9807	10322	10858	11378	11867	12319	12892	13479	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
20	580	1119	1626	2112	2658	3152	3728	4169	4659	5187	5664	6161	6672	7209	7743	8279	8851	9310	9809	10324	10860	11378	11869	12319	12894	13481	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
21	582	1121	1628	2114	2660	3154	3730	4171	4661	5189	5666	6163	6674	7211	7745	8281	8853	9312	9811	10326	10862	11378	11871	12319	12894	13483	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
22	584	1123	1630	2116	2662	3156	3732	4173	4663	5191	5668	6165	6676	7213	7747	8283	8855	9314	9813	10328	10864	11378	11873	12319	12896	13485	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
23	586	1125	1632	2118	2664	3158	3734	4175	4665	5193	5670	6167	6678	7215	7749	8285	8857	9316	9815	10330	10866	11378	11875	12319	12896	13487	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
24	588	1127	1634	2120	2666	3160	3736	4177	4667	5195	5672	6169	6680	7217	7751	8287	8859	9318	9817	10332	10868	11378	11877	12319	12896	13489	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
25	590	1129	1636	2122	2668	3162	3738	4179	4669	5197	5674	6171	6682	7219	7753	8289	8861	9320	9819	10334	10870	11378	11879	12319	12896	13491	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681
26	592	1131	1638	2124	2670	3164	3740	4181	4671	5199	5676	6173	6684	7221	7755	8291	8863	9322	9821	10336	10872	11378	11881	12319	12896	13493	13999	14589	15147	15698	16253	16829	17447	17919	18235	18781	19203	19681

*This announcement appears as a matter of record only.*



# Crédit Populaire d'Algérie

## ¥5,000,000,000

Medium Term Loan


Managed by

**The Tokai Bank, Limited**

Provided by

The Tokai Bank, Limited  
The Chiyoda Mutual Life Insurance Company  
The First National Bank of Boston  
Banque Nationale de Paris  
Banca Commerciale Italiana  
Chemical Bank  
Continental Illinois National Bank and Trust Company of Chicago  
Deutsche Bank  
Irving Trust Company  
Manufacturers Hanover Trust Company  
Union de Banques Arabes et Français-UBAF

Agent Bank

 **The Tokai Bank, Limited**

October 1978

## MUAR RIVER RUBBER CO. LIMITED

Sir John D. Barlow Bart.'s Review

The fifty eighth annual general meeting of the Company was held in London on 11th October 1978. SIR JOHN D. BARLOW Bart., the chairman said:

### RECORD PROFIT

The trading profit after charging replanting, for the year ended 31st March 1978 of £822,000 was a record.

Rubber earned £328,000, cocoa profit doubled to £156,000 and investment income was £376,000. £38,000 was spent on replanting other crops.

The dividend to be paid to members is 0.48335p per 10p share and is 10% more than the previous year.

The report and accounts were adopted.

## The war that never ends



We British are a peaceful people. When a war is over we like to consign it to the history books - and forget it.

But for some the wars live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten; the widows, the orphans and the children - for them their war lives on, every day and all day.

In many cases, of course, there is help from a pension. But there is a limit to what any Government Department can do.

This is where Army Benevolence steps in. With understanding. With a sense of urgency... and with practical, financial help.

To us it is a privilege to help these brave men - and women, too. Please will you help us to do more? We must not let our soldiers down.

## The Army Benevolent Fund

for soldiers, ex-soldiers and their families in distress  
Dept. FT, Duke of York's HQ, London SW3 4SP

## THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED

U.S. \$15,000,000

Negotiable Floating Rate Certificates of Deposit Maturity Date 13th October 1981.

In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the initial six month interest period from 12th October 1978 to 12th April 1979, the Certificates will carry an interest rate of ten and five sixteenths per cent per annum (10 5/16 %).

Reference Agent

**Nippon European Bank S.A.**



## Bowthorpe Holdings Limited

### Results for the half year to June 30, 1978

Pretax profits	£3.3m	(£3.01m)
Sales	£21.89m	(£18.83m)
Earnings per share	4.1 pence	(4.1p)
Interim dividend	0.838 pence	(0.75p)

Payable on December 15 to Shareholders at the close of business on November 17

As forecast in the 1977 Annual Report, the Group's pre-tax profits continue to increase, and in the half-year to 30th June, 1978 have risen by approximately ten per cent over the same period in 1977.

RAY PARSONS, Deputy Chairman

For a copy of the interim report, please write to The Secretary, Bowthorpe Holdings Limited, Crawley, West Sussex RH10 2RZ.

The Bowthorpe-Hallermann Group British-based, serving industry throughout the world.  
Bowthorpe-Hallermann Group, Garsick Road, Crawley, West Sussex RH10 2RZ  
Tel: Crawley (0293) 28888  
Bowthorpe EMP, Bowthorpe-Hallermann Distributors, Hallermann Deutsch, Hallermann Electronics Components, Hallermann Insulid, Hallermann Electric, Redpoint Group, Power Development Ltd.  
Overseas subsidiaries and associates in Australia, Brazil, France, Germany, Japan, New Zealand, South Africa, Switzerland and USA.

## GENERAL SHOPPING SA

SOCIÉTÉ HOLDING INTERNATIONALE POUR LE COMMERCE DE DÉTAIL

Registered Office: Luxembourg, 5, Boulevard Royal

Notice is hereby given that the ANNUAL GENERAL MEETING

of General Shopping SA will be held in the Conference Room of Banque Internationale à Luxembourg SA, 2, Boulevard Royal, Luxembourg, on 25th October 1978, at 11.00 a.m.

- AGENDA
1. Report of the Board of Directors and Statutory Auditors on the Business Year ended 30th June, 1978.
  2. Approval of the Balance Sheet and Profit and Loss Account for the Business Year ended 30th June, 1978.
  3. Application of the Net Profit.
  4. Discharge of the Board of Directors and the Statutory Auditors.
  5. Elections.
  6. Miscellaneous.

The resolutions on the Agenda of the Annual General Meeting do not require a special quorum and will be passed by a simple majority of the votes of the Shareholders attending, with the proviso that no person is entitled to vote for himself or by proxy for more than one-fifth of the issued share capital or two-fifths of the share capital present or represented at the meeting.

Holders of Bonds issued by the Company are entitled to attend the meeting, but without voting power. In order to be entitled to attend the above General Meeting the Shareholders, according to Article 27 of the Articles of Incorporation, must deposit their Share Certificates at least 5 days prior to the meeting (in this case on Thursday, 12th October at the latest) with the Bank mentioned hereafter.

Against deposit of Share Certificates the following Bank in the United Kingdom will then issue Entrance Cards for the meeting: WILLIAMS AND GUTTS BANK LTD., LONDON as well as all other Banks according to the financial service for the Company in other countries.

Luxembourg, 23rd August 1978.

For the Board of Directors: R. H. LUTZ, Chairman

*This advertisement appears as a matter of record only.*

## Instituto Ecuatoriano de Electrificación (INECEL)

U.S. \$50,000,000  
Medium Term Loan

Guaranteed by

**The Republic of Ecuador**

Managed by

Interunion-Banque

Banque Belge Limited Canadian American Bank S.A.  
(Société Générale de Banque Group)  
Marine Midland Limited The Tokai Bank Limited

Co-managed by

BankAmerica International Group Merrill Lynch International Bank Limited

Provided by

Banco Urquijo, S.A. New York Agency Bank of America NT & SA  
Banque Belge Limited Barclays Bank S.A., Paris  
(Société Générale de Banque Group)  
Canadian American Bank S.A. The Chuo Trust and Banking Company Limited  
Courtts and Co. European American Bank and Trust Company  
European Brazilian Bank Limited - EUROBRAZ International Westminster Bank Limited  
Interunion-Banque Investitions- und Handels-Bank AG London Branch  
Japan International Bank Limited Kredietbank S.A. Luxembourgise  
Marine Midland Bank Merrill Lynch International Bank Limited  
The Mitsubishi Trust and Banking Corporation The Mitsui Trust and Banking Company, Limited  
The National Bank of Kuwait SAK Pierson, Holding and Pierson (Curacao) N.V.  
The Royal Bank of Canada International Limited (Nassau) The Saitama Bank, Ltd.  
The Taiyo Kobe Bank Limited The Tokai Bank Limited  
Toronto Dominion Bank de Panama S.A. The Toyo Trust and Banking Co., Ltd.  
United International Bank Limited

Agent Bank

Marine Midland Bank

23 August 1978

*This advertisement appears as a matter of record only.*

## Office National du Matériel Hydraulique (ONAMHYD)

U.S. \$60,000,000  
Medium Term Loan

Guaranteed by

**Crédit Populaire d'Algérie**

Managed by

Interunion-Banque

Bayerische Vereinsbank Tokai Bank Nederland N.V.

Co-managed by

Barclays Bank S.A., Paris Crédit Commercial de France  
First National Bank in Dallas International Resources and Finance Bank S.A.  
SIFIDA Investment Company Standard Chartered Bank Limited

Provided by

Associated Japanese Bank (International) Limited Banque Française du Commerce Extérieur  
Banque Française de Crédit International Limited Banque de l'Indochine et de Suez  
Banque Internationale pour l'Afrique Occidentale (B.I.A.O.) Banque Nationale de Paris  
Barclays Bank S.A., Paris Bayerische Vereinsbank International S.A.  
Crédit Commercial de France Crédit Commercial de France (Moyen-Orient) S.A.L.  
Crédit du Nord First National Bank in Dallas  
International Resources and Finance Bank S.A. Interunion-Banque  
Japan International Bank Limited Midland Bank Limited  
Saitama-Union International (Hong-Kong) Limited SIFIDA Investment Company  
Société Générale Standard Chartered Bank Limited  
The Bank of Yokohama Limited Tokai Bank Nederland N.V.

Union Méditerranéenne de Banques

Adviser to the Borrower

Crédit Populaire d'Algérie

Agent Bank

Standard Chartered Bank Limited, Paris

13 September 1978

# A strong whiff of gunpowder from the reorganisation battle front

**E.FOGARTY & CO. LTD.**

Manufacturers of continental quilts, pillows, bath and scatter rugs, soft furnishings, processors of feather, down and man-made fibre fillings.

	6 months ended 30th June 1978	30th June 1977	Year to 31st Dec 1977
Sales	£'000 10,978	£'000 7,862	£'000 17,451
Profit before Tax	1,056	727	1,840
Taxation (estimated)	549	320	710
Profit after Tax	507	407	1,130
Preference Dividend	41	35	105
Ordinary Dividend per Share	1.12p	0.6481p	2.55195p
Earnings per Share	11.3p	9.9p	27.4p

\* Adjusted for May 1978 Capitalisation Issue.

**TRADING PROSPECTS**

Business remains good and we would expect the improved rate of profitability to be continued for the full year.

**DIVIDEND**

In view of trading prospects the Directors propose to pay total dividends in line with the maximum permitted by current legislation. The whole of the 10% basic increase will be applied to the interim dividend which will be 1.12p per ordinary share payable on 8th November 1978. The balance of the permitted increase will be added to the final.


**STATE BANK OF INDIA**

Singapore Branch

U.S.\$10,000,000

**NEGOTIABLE FLOATING RATE  
CERTIFICATES OF DEPOSIT  
DUE OCTOBER 1981**

In accordance with the provisions of the Certificates, notice is hereby given that for the initial six months interest period from 12th October, 1978 to 12th April, 1979, the Certificates will carry an Interest Rate of 10% per annum. The relevant interest payment date will be 12th April, 1979.

**THE DEVELOPMENT BANK OF  
SINGAPORE LIMITED**

Agent Bank

10th October, 1978

favoured of the exercise itself. Naturally, Press reports are not the responsibility of the Committee: yet both in the report and at the Press conference introducing it, the Committee had greater stress on the desirability of continuing a practice begun by parliamentary accident than on the much duller subject of electricity. In fact, the Committee was right—the report of its hearings is valuable, because it allows the various interests in and around the industry to deploy the arguments in public view which they would otherwise have rehearsed privately in the anterooms of power.

**1970 Bill**

The electricity supply industry has waited ten years for reorganisation. In 1968, a private committee of civil servants and industry representatives began work on proposals to restructure electricity supply, which culminated in the 1970 Electricity Bill. That Bill provided for the strengthening of the Electricity Council (to be renamed the Electricity Authority) by giving it control of the industry's capital development programme. Introduced early in 1970 by the then Minister of Power—Mr. Anthony Wedgwood Benn—it passed its second reading in April only to fall with the Labour Government later in the year.

The Conservative Government of 1970-74 did nothing about the industry, but agreed that something should be done. In 1973, during an enquiry by the Select Committee on Nationalised Industries on capital investment procedures, Mr. Tom Boardman, the then Industry Minister, commented that "with the (existing) structure I think it is more difficult for the strategy to be settled centrally and the task of planning then to be devolved down to the various parts of the industry."

**Accident**

In December, 1974, the second Labour Government of that year appointed the Plowden Committee to come up with the definitive answer. Reporting a year later, Plowden recommended the unification of the industry by the establishment of a Central Electricity Board,

with centralised generation and distribution departments beneath it. Maximum authority was to be devolved to the operating units, and cost centres established at each unit. Following the publication of the Plowden Report in January, 1976, the Energy Secretary—by this time, Mr. Benn—held consultations with management and power unions before beginning to draft what became the White Paper and draft Bill published in April. It is here the debate begins.

During the past decade, the general view has been that the industry should be unified (though the Liberal Party is not part of this consensus, and indeed refused to support Mr. Benn's Bill—because it favoured autonomous regional Boards). The argument which Sub-Committee "B" uncovered within the industry does not concern structure so much as

who controls the structure. Plowden had recommended that the electricity industry be, in effect, monolithic, in the sense that it should be, like the Post Office or British Gas, its impact on every household dependent of Government in the land, with its impact on the supplying industries, with



Mr. Anthony Wedgwood Benn—setting out to replace the "arm's length" approach to the public industries with the "Benn embrace"

also be free of any directives which might constrain it to follow short-term government economic policy (though its responsibilities should include the need for energy conservation). It was to be a wholly commercial enterprise.

Mr. Benn's approach was quite different. As he said in his evidence to the sub-committee: "I am absolutely certain that if we wound up all the local area Boards and made their appointments part of the career structure of the industry, the link between the area Boards and their customers would be less. Although I make no criticism of it, I think the gas industry has lost, to some extent, by not having this, and the degree of experimentation that is possible when you have local Boards with a little bit of statutory authority."

And again, later in his evidence to the Committee, more forcefully: "I must tell the Committee that the big decision here is, do you want the industry, with its impact on every household in the land, with its impact on the supplying industries, with

its impact on the other fuel industries, and its links with industry and the people as a whole, and the regions, to be weakened or not?

If you want to weaken them, then the right thing to do is to hand over the whole bundle to the new Electricity Corporation (as recommended by Plowden). You will not be able to put down Parliamentary questions, not really, because the Minister will say that this is a matter for the industry entirely—and I think this is a very big decision, whether we do want to endorse and enshrine a new structure which separates the nationalised industries from the community, from Parliament, or whether we do not, and I take the view that the time has come to look at the nationalised industries in a new way that establishes and reinforces their links with the community and does not separate them off as a private or public corporation with very few links with the rest of the community."

**Unified**

It is clear, then, that the Plowden proposals, and the drive to restructure the industry on more flexible and unified lines, met a reforming minister who has ideas about the power and relationships of nationalised industries in general and of the electricity supply industry in particular.

Some among the Plowden Committee, the unions and the management, were prepared to live with Mr. Benn's ideas if very unwillingly. Others thought his ideas completely inappropriate—according to Sir Alan Wilson, a deputy chairman of the Electricity Council and a member of the Plowden Committee, they "vitiating the proposals of our report, 100 per cent."

Mr. John Lyons, secretary of the Electrical Power Engineers Association, said in his evidence that: "We do not want to argue that the industry must be dominated by a commercial criterion to the extent that it ignores other obligations, but you have to have a balance and

I would argue that the Minister is setting the balance wrong. That could have very profound consequences for the way the industry is run in the future."

Mr. Benn is thus confronting an industry which is united in wishing to be commercial, and as free as possible from government directives. It is not a battle which will have an early outcome. In the first place, there is little possibility of the Bill finding acceptance in the next session of Parliament, and that in turn means that restructuring returns to its ten-year long limbo. In the second place, Mr. Benn sees the electricity industry, and the Central Electricity Generating Board, as a major obstruction to the development of a UK energy policy.

**Cornerstone**

In an interview with the Financial Times earlier this year, and in his evidence to the sub-committee, Mr. Benn stressed that the CEB's freedom to order oil, coal, gas or nuclear power virtually as it wishes distorts energy policy and in particular may have a deleterious effect on the long-term future of the coal industry, which he regards as the cornerstone of the UK's future energy supplies. Yet he has not the power at present effectively to intervene and direct it to do as he wishes. Thus he wants a new relationship, arguing that only the Government can take the broader view and that it is right that it should intervene because the industry is a public one and it must be subject to democratic control. In this sense he is out to re-define the Herbert Morrison "arm's length" approach to the public industries, which has become part of Whitehall wisdom, and replace it with what might come to be known as the "Benn embrace."

The battle remains joined: and in the pages of the Ninth Report of the Select Committee on Nationalised Industries (reorganising the electricity supply industry: pre-legislative hearings), we get a spectator's view of the field and a strong smell of the powder. We must be grateful to the Committee for sending such full despatches from the front.


**20 tonnes.**
**.00005 oz.**

From massive truck axles to minute high capacity micro-electronics devices may seem a long way, but they're both part of the Rockwell International product/technology spectrum.

We are the world's largest independent supplier of automotive components—for cars, trucks, agricultural and construction vehicles. And in our independent

laboratories, Rockwell technology is working to make our components more advanced, more efficient and more reliable.

The same is true for our micro-electronics. We design and manufacture individual components—like chips with a capacity of up to a million bits of information. And we design and build entire systems of micro-electronics to suit our customers needs.

Rockwell International puts technology to work in aviation, space, printing, industrial sewing machines, telecommunications, energy, power tools and industrial valves.

And of course, massive axles and minute micro-electronics.

Rockwell International. Putting technology to work—for you.

If you would like to know more about us, please write to The Communications Director, Rockwell International Limited, Rockwell House, 23 Grafton Street, London W1P 5LG, England.


**Rockwell International**

Bramber Engineering Co. Ltd., London; Rockwell-Collins (UK) Ltd., Hounslow; McEvoy Oilfield Equipment Ltd., Stroud and London; MGD Graphic Systems Ltd., Preston; Rockwell International S.A., Slough.

Rockwell International Ltd., London; Rockwell-Mauchly Ltd., Alcester; Rockwell-Rimoldi (Great Britain) Ltd., Lelystad; Rockwell-Thompson Ltd., Wolverhampton; Automotive Operations, Wolverhampton; Rubery Owen-Rockwell Ltd., Llay, North Wales.

## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

## Further blow to Occidental bid attempt

By Our Own Correspondent

NEW YORK, Oct. 12. OCCIDENTAL PETROLEUM was today confronted with another obstacle to its proposed \$1.5 billion acquisition of Occidental Petroleum in the shape of a civil anti-trust suit filed by the U.S. Department of Justice.

Filing of the suit came less than 24 hours after the State of Ohio's Securities Division was recommended to bar registration of Occidental's tender offer to Occidental shareholders on the grounds of inadequate disclosure of information.

The Justice Department move is potentially more serious for it could involve long and complicated litigation and might tarnish the potential attractions of Occidental's offer in the eyes of investors.

In a brief statement the Justice Department revealed that it was basing its anti-trust case on the allegation that Occidental and Occidental Petroleum are "overlapping interests in sodium chloride, coal and carbonaceous copy paper."

THE Department alleges that the acquisition would raise Occidental's share of U.S. sodium chloride capacity to 45 per cent from 40 per cent. The chemical is used by the paper industry to bleach pulp, and production is concentrated in a few companies, says the Justice Department. In addition, it is alleged that Occidental's ownership of 10.4 per cent of Occidental Petroleum would raise the proportion controlled by Occidental to 13 per cent.

Lastly, Occidental's production of 24 per cent of U.S. carbonaceous copy paper would raise its share of the market to 28 per cent, the Justice Department alleges.

The Department alleges in the suit filed in the Federal District Court at Dayton, Ohio, that the proposed acquisition would violate section 7 of the Clayton Act, which deals with the anti-competitive aspects of mergers.

It is asking for the acquisition to be declared illegal and for a temporary restraining order pending a final judgement. This preliminary injunction would prevent Occidental from acquiring any Occidental stock and from consolidating the two businesses in any way.

David Lascelles adds from New York: Mead today reported continuing strong growth in sales and earnings. Third quarter results show a 30 per cent increase in sales revenues to \$640m, while earnings were \$35.6m or \$1.54 a share, up 38 per cent on the same period last year.

Mr. Warren Butts, president, said that strong demand for both coated and uncoated white paper was an important factor behind these figures, and that the outlook for the rest of the year was favourable due to increases in both linerboard and pulp prices.

Outside forest products, Mr. Butts said the consumer goods and distribution areas were ahead

## IBM third quarter shows breakthrough in earnings

BY JOHN WYLES

NEW YORK, Oct. 12.

Business Machines reported a substantial earnings pick-up in the third quarter after a period of only modest profit growth.

Net income rose 18.2 per cent from \$690m (\$1.66 per share) to \$810m (\$1.99 per share) on a 15 per cent increase in gross income from \$4.38bn to \$5.23bn.

These results are very much better than the 2.8 per cent profit rise in the first quarter and the 5 per cent improvement in the second, and are pretty much in line with expectations. Shipments of the company's new 3080 series of computers are rising and have helped IBM to

## Hertz boosts earnings at RCA

BY OUR OWN CORRESPONDENT

NEW YORK, Oct. 12.

WITH RECORD profits from Hertz Rent-a-Car more than offsetting an earnings decline at NBC, National Broadcasting Company, RCA was able today to report an 11 per cent gain in net income for the third quarter.

Although the company did not supply any figures, most analysts suspect that Hertz has now recovered its losses from the "overlapping interests" in sodium chloride, coal and carbonaceous copy paper. The Department alleges that the acquisition would raise Occidental's share of U.S. sodium chloride capacity to 45 per cent from 40 per cent. The chemical is used by the paper industry to bleach pulp, and production is concentrated in a few companies, says the Justice Department. In addition, it is alleged that Occidental's ownership of 10.4 per cent of Occidental Petroleum would raise the proportion controlled by Occidental to 13 per cent.

THE Department alleges in the suit filed in the Federal District Court at Dayton, Ohio, that the proposed acquisition would violate section 7 of the Clayton Act, which deals with the anti-competitive aspects of mergers.

It is asking for the acquisition to be declared illegal and for a temporary restraining order pending a final judgement. This preliminary injunction would prevent Occidental from acquiring any Occidental stock and from consolidating the two businesses in any way.

David Lascelles adds from New York: Mead today reported continuing strong growth in sales and earnings. Third quarter results show a 30 per cent increase in sales revenues to \$640m, while earnings were \$35.6m or \$1.54 a share, up 38 per cent on the same period last year.

Mr. Warren Butts, president, said that strong demand for both coated and uncoated white paper was an important factor behind these figures, and that the outlook for the rest of the year was favourable due to increases in both linerboard and pulp prices.

Outside forest products, Mr. Butts said the consumer goods and distribution areas were ahead

of the same period of 1977. In June the company increased the price of aluminium sheet used in cans by about 6 per cent and automotive body sheet by around 11 per cent.

In addition to increased prices, the company has also seen sharp rises in tonnage shipments, reflecting the high level of demand for aluminium in the U.S. Thus in the third quarter shipments totalled 327,400 tons, compared with 287,570 tons in the same quarter last year.

The company referred to the increase in shipments and improvements in product mix contributing to its growth in profits.

One bleak spot in the company's performance has been foreign currency translation losses, which have cost \$27.5m in earnings in the first nine months. Third quarter currency translation losses were only \$500,000, although some analysts are predicting a worsening trend in the fourth quarter.

Non-interest operating income increased by \$39.4m over the 1977 period, while bond trading profits and commissions rose to \$4.8m compared with a loss of \$1.1m in the comparable period.

Income from corporate trust, other trust and agency services rose to \$86.2m compared with \$75.8m.

Income from the sale of an organic chemicals plant in Baton Rouge of \$1.2m, or 4 cents a share, and income of Allied Chemical for the third quarter rose from \$20m, or 71 cents a share, to \$24.5m, or 88 cents a share, agencies report from New York. Sales were \$786.2m, up from \$697.6m.

RESULTS IN BRIEF Improvement for First Nat. Boston

NEW YORK, Oct. 12. A MARKED improvement in per share earnings has been recorded by the bank holding company First National Boston for the first nine months of this year. Earnings per share stood at \$3.71 compared with \$2.69 in the same period last year.

Another financial body, the California-based savings and loans company Imperial Corporation of America, reported a boost in per share earnings to \$3.56 from \$2.96 for the corresponding nine month period.

The Illinois computer and industrial equipment company McGraw-Edison showed an improvement in the nine month period with increased per share earnings up to \$3.10 from \$2.69.

## Kodak set for record profits

By Our Own Correspondent

NEW YORK, Oct. 12.

EASTMAN KODAK has made further progress in recovering its "blue chip" status with a 27 per cent increase in third quarter earnings, indicating that it is breaking out of the marketing and productivity problems of 1977.

After four years of seeing earnings, the world's largest producer of photographic products looks set to break its 1973 earnings record of \$553.5m or \$4.05 a share. Net third quarter earnings of \$238.1m, equal to \$1.43 a share, were \$1.75bn compared with \$1.54bn for the nine months they were \$4.7bn against \$4.09bn.

Mr. Walter A. Fallon, chairman, and Mr. Colby Chandler, president, both highlighted improved productivity and higher unit volume in their statement today. They looked forward to a good Christmas selling season and to a year of "very satisfying results."

The strength of demand in the U.S. and overseas for photographic products has surprised many analysts, and on the evidence of a 17 per cent increase in overseas photographic sales and a 14 per cent rise in U.S. and Canadian sales, it is clearly taking its share.

In its market tussle with Polaroid, Kodak is reckoned to be holding on to a 40 per cent share of its instant camera sales. An anticipated sale of 4m instant cameras this year will be about 7m more than in 1977, which can only employ the film which Kodak manufactures. Moreover, the company's new Ektra line is expected to raise its share of the conventional camera market after a decline last year.

Georgia Pacific The wood, paper and gypsum company Georgia Pacific Corporation had third quarter net income of \$78m or 74 cents a share, compared with \$75m or 69 cents a share, on sales ahead of \$1.1bn to \$1.2bn. For the nine months, net income was \$227m or \$2.15 a share against \$197m or \$1.86 a share, on sales up from \$2.7bn to \$2.9bn, agencies report from New York.

Ally Chemical After an extraordinary gain on the sale of an organic chemicals plant in Baton Rouge of \$1.2m, or 4 cents a share, and income of Allied Chemical for the third quarter rose from \$20m, or 71 cents a share, to \$24.5m, or 88 cents a share, agencies report from New York. Sales were \$786.2m, up from \$697.6m.

RESULTS IN BRIEF Improvement for First Nat. Boston

NEW YORK, Oct. 12. A MARKED improvement in per share earnings has been recorded by the bank holding company First National Boston for the first nine months of this year. Earnings per share stood at \$3.71 compared with \$2.69 in the same period last year.

Another financial body, the California-based savings and loans company Imperial Corporation of America, reported a boost in per share earnings to \$3.56 from \$2.96 for the corresponding nine month period.

The Illinois computer and industrial equipment company McGraw-Edison showed an improvement in the nine month period with increased per share earnings up to \$3.10 from \$2.69.

The savings and loans company Great Western Financial Corporation had a better nine month profit run than in 1977. Per share earnings improved to \$4.33 from \$3.58 for the corresponding period.

On the other hand, the Tulsa-based utility company, Oklahoma Natural Gas, remained steady. The per share earnings increased slightly from \$3.73 in 1977 to \$3.97 at the end of the current fiscal year.

The nine month period for the Dow Jones Company showed an improvement in per share earnings with an increase in \$2.03 (based on net earnings of \$11.69m) from the 1977 period per share earnings of \$1.57 (from net earnings of \$25.73m).

Agencies

## New product costs slow growth at Colgate-Palmolive

BY OUR FINANCIAL STAFF

NEW YORK, Oct. 12.

THE RATE of earnings growth at Colgate-Palmolive, the detergents and toiletries manufacturer, showed a further slow down in the third quarter. Net earnings increased from 59 cents to 60 cents a share, on total net of \$47.6m against \$46.8m. Sales advanced from \$979.2m to \$1.1bn.

For the nine months, total net earnings per share have increased from \$1.56 to \$1.64 a share. Total net of \$130.9m compares with \$124.7m in the previous nine-month period, and sales of \$3.13bn with \$2.9bn.

Results for both years include the operations of Princeps House, acquired on a pooling of interest basis.

At the half time stage, the company's chairman and chief executive commented that the slower rate of growth in earnings as compared with sales, reflected heavy spending on the introduction of new products and also higher interest expenses.

In the UK, Colgate is well known for such brand names as Ajax, the household cleaner, Colgate and Ultra-Brite, toothpaste and Helena Rubenstein's cosmetics. A major product launch in the UK, believed to have cost about \$250,000 in television advertising, has been on blue fresh soap.

Marine Midland strong in advance of takeover

BY DAVID LASCELLES

NEW YORK, Oct. 12.

QUARTERLY operating earnings for the Marine Midland Bank, which is in the process of being acquired by Hongkong and Shanghai Bank, represented a 53 per cent increase to \$5.56 per share compared with \$3.63 in the same quarter last year.

Including gains on securities transactions and an extraordinary tax credit, net income amounted to \$5.56m, or 73 cents a share, compared with \$3.63m or 46 cents last year.

Among the factors cited by the bank was a 13 per cent increase in average loans to \$878m, with domestic lending holding a 66 per cent share. There was also a \$66m increase in short-term deposits placed with other banks, and a \$306m rise in holdings of U.S. Government securities.

Both direct and portfolio investment by European investors in the U.S. will continue to be significant as long as the opportunities remain, and the U.S. stock market is comparably cheap, he added.

Reuter

Bank of America uptrend

FRANKFURT, Oct. 12.

Bank of America Corporation's growth momentum measured in per share income before securities transactions was well sustained over the first nine months of this year and should continue into the next year, according to Mr. Leland Prussia, the vice-chairman.

He said per share income in the first half of this year rose 24.8 per cent over the first half of 1977 to \$1.51.

The Bank's earnings growth will continue to remain consistent strong, while losses incurred from loans remain lower than many other banks.

It is likely that U.S. prime rates will rise to above 10 per cent soon, but will peak before the end of 1978, said Mr. Prussia.

Both direct and portfolio investment by European investors in the U.S. will continue to be significant as long as the opportunities remain, and the U.S. stock market is comparably cheap, he added.

Reuter

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

U.S. DOLLAR STRAIGHTS

## EUROBONDS Prime rate move jolts secondary market

By Nicholas Colchester

NEW YORK, Oct. 12.

THE DECISION by Citicorp to raise its prime rate in the U.S. to 10 per cent, a move which has jolted the dollar-denominated international bond market, has caused a sharp rise in the prime rate itself.

The unseasoned spread quickly narrowed to 100 basis points, an already weak sterling and the day at below the low level reached in late June.

Dealers last night were quoted for sterling bonds at 100 basis points, down from 110 basis points earlier. Rowing 101 per cent were at 87.5 basis points, down from 90 basis points earlier. Allied Breweries 101 per cent, 1990, were at 87.5 basis points, down from 90 basis points earlier. The Prime rate was pulled sharply back in line with its peers and quoted at 91 compared with seven days earlier.

The rising interest rates Eurodollar rates went to 10 per cent to 13 per cent, and the dollar market for the dollar and foreign exchange markets in London brought into focus the prime rate decision.

After trading at a price not seen in the last few months for several weeks, the market was still showing signs of indecision. After the sales and issues of recent participants began to be about today's meeting, the market was still showing signs of indecision.

Despite the fact that the market was still showing signs of indecision, the market was still showing signs of indecision.

Reuter

Bank of America uptrend

FRANKFURT, Oct. 12.

Bank of America Corporation's growth momentum measured in per share income before securities transactions was well sustained over the first nine months of this year and should continue into the next year, according to Mr. Leland Prussia, the vice-chairman.

He said per share income in the first half of this year rose 24.8 per cent over the first half of 1977 to \$1.51.

The Bank's earnings growth will continue to remain consistent strong, while losses incurred from loans remain lower than many other banks.

It is likely that U.S. prime rates will rise to above 10 per cent soon, but will peak before the end of 1978, said Mr. Prussia.

Both direct and portfolio investment by European investors in the U.S. will continue to be significant as long as the opportunities remain, and the U.S. stock market is comparably cheap, he added.

Reuter

Bank of America uptrend

FRANKFURT, Oct. 12.

Bank of America Corporation's growth momentum measured in per share income before securities transactions was well sustained over the first nine months of this year and should continue into the next year, according to Mr. Leland Prussia, the vice-chairman.

He said per share income in the first half of this year rose 24.8 per cent over the first half of 1977 to \$1.51.

The Bank's earnings growth will continue to remain consistent strong, while losses incurred from loans remain lower than many other banks.

It is likely that U.S. prime rates will rise to above 10 per cent soon, but will peak before the end of 1978, said Mr. Prussia.

Both direct and portfolio investment by European investors in the U.S. will continue to be significant as long as the opportunities remain, and the U.S. stock market is comparably cheap, he added.

Reuter

## EUROBONDS Prime rate move jolts secondary market

By Nicholas Colchester

NEW YORK, Oct. 12.

THE DECISION by Citicorp to raise its prime rate in the U.S. to 10 per cent, a move which has jolted the dollar-denominated international bond market, has caused a sharp rise in the prime rate itself.

The unseasoned spread quickly narrowed to 100 basis points, an already weak sterling and the day at below the low level reached in late June.

Dealers last night were quoted for sterling bonds at 100 basis points, down from 110 basis points earlier. Rowing 101 per cent were at 87.5 basis points, down from 90 basis points earlier. Allied Breweries 101 per cent, 1990, were at 87.5 basis points, down from 90 basis points earlier. The Prime rate was pulled sharply back in line with its peers and quoted at 91 compared with seven days earlier.

The rising interest rates Eurodollar rates went to 10 per cent to 13 per cent, and the dollar market for the dollar and foreign exchange markets in London brought into focus the prime rate decision.

After trading at a price not seen in the last few months for several weeks, the market was still showing signs of indecision. After the sales and issues of recent participants began to be about today's meeting, the market was still showing signs of indecision.

Despite the fact that the market was still showing signs of indecision, the market was still showing signs of indecision.

Reuter

Bank of America uptrend

FRANKFURT, Oct. 12.

Bank of America Corporation's growth momentum measured in per share income before securities transactions was well sustained over the first nine months of this year and should continue into the next year, according to Mr. Leland Prussia, the vice-chairman.

He said per share income in the first half of this year rose 24.8 per cent over the first half of 1977 to \$1.51.

The Bank's earnings growth will continue to remain consistent strong, while losses incurred from loans remain lower than many other banks.

It is likely that U.S. prime rates will rise to above 10 per cent soon, but will peak before the end of 1978, said Mr. Prussia.

Both direct and portfolio investment by European investors in the U.S. will continue to be significant as long as the opportunities remain, and the U.S. stock market is comparably cheap, he added.

Reuter

Bank of America uptrend

FRANKFURT, Oct. 12.

Bank of America Corporation's growth momentum measured in per share income before securities transactions was well sustained over the first nine months of this year and should continue into the next year, according to Mr. Leland Prussia, the vice-chairman.

He said per share income in the first half of this year rose 24.8 per cent over the first half of 1977 to \$1.51.

The Bank's earnings growth will continue to remain consistent strong, while losses incurred from loans remain lower than many other banks.

It is likely that U.S. prime rates will rise to above 10 per cent soon, but will peak before the end of 1978, said Mr. Prussia.

Both direct and portfolio investment by European investors in the U.S. will continue to be significant as long as the opportunities remain, and the U.S. stock market is comparably cheap, he added.

Reuter

This announcement appears as a matter of record only.

**SOCIÉTÉ FINANCIÈRE POUR LES TÉLÉCOMMUNICATIONS ET L'ÉLECTRONIQUE S.A.**  
(Grand Duchy of Luxembourg)  
US\$ 35,000,000  
5-Year Eurocurrency Loan

Guaranteed by  
**STET - Società Finanziaria Telefonica per Azioni**  
(Turin)

Managed by  
**Kredietbank N.V.** • **Banque Européenne de Crédit (BEC)**

Co-managed by  
**Banca Commerciale Italiana** • **Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft**

Provided by  
**Banque Européenne de Crédit (BEC)** • **Kredietbank N.V.**

**Banca Commerciale Italiana** • **Européan Arab Bank S.A.**  
**Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft**

**Banque Belge Limited** (Member of the Société Générale de Banque Group) • **Die erste österreichische Spar-Casse**  
**Nippon European Bank S.A.** • **The Sanwa Bank Limited**

**Banque Commerciale pour l'Europe du Nord (Eurobank)** • **Banque Européenne de Tokyo**  
**Credito Italiano Finance Corp. Ltd.-Nassau** • **Dow Banking Corporation**  
**Hamburgische Landesbank - Girozentrale** • **International Commercial Bank Limited**  
**Österreichische Volksbanken - Aktiengesellschaft**

September 1978

## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Manufrance wants links with supermarket chain

MANUFACTURE. France's largest financial holding group, Manufrance, is anxious to attract partners into the supermarket chain. The group has already agreed with the country's leading publishing house Hachette that it will take a stake in the subsidiary which will embrace, essentially, the monthly sporting magazine Le Chasseur Français, the biggest money-spinner in the group. Manufrance also boasts some 80 stores, selling both Manufrance's own products and other goods. M. Gadot-Clet is discussing with Hachette a deal whereby the publishing house would also acquire an interest in the retail chain and install Manufrance's own products in these stores. Manufrance would "be happy" to discuss a participation with such companies as Bouffier and Marks and Spencer, and would be willing to negotiate a majority position for such established retailers.

Carrefour, which is basically a hypermarket group but which has shown interest in developing more specialist outlets, is another candidate, while an obvious one is the Casino supermarket chain which is itself based in Saint-Etienne. Other operating groups will probably enter mail order, and the manufacture of sporting weapons and sewing machines. It is not clear yet whether Manufrance wishes to continue its bicycle operations unilaterally. It has recently hired the Tour de France veteran Raymond Poulidor at FF10,000 a month to promote its cycle or whether here also it envisages inviting foreign partners to participate.

## Assets of investment funds rise

AMSTERDAM, Oct. 12. DUTCH investment funds, according to a report in the financial press, have raised the average percentage of their assets to 22.8 per cent from 14.5 per cent and reduced the sterling component to 2.4 per cent from 7.2 per cent. It increased its capital assets to 33 per cent from 30.7 per cent and its Ven holdings to 10.8 per cent from 8.2 per cent. Its U.S. and Canadian dollar holdings were reduced slightly. A favourable climate prevailed on all stock exchanges in the period covered by Robeco's report. Current markets faced another crisis, though, and the fund's decision to cover its U.S. interests on the forward market was justified, it said. Only half of its dollar risks were hedged in the first four months of 1978. It bought FF170m (\$24m) of shares in balance in the U.S., putting the emphasis on gas pipeline companies. Robeco took profits in Japan, including the insurance sector. Total sales were FF90m but its interest in real terms was about the same due to the rise in stock prices and the appreciation of the Yen. It proposes paying a 31 per cent stock dividend next April. The total 1978 dividend will be at least the same as the FF12.80 in 1977.

## nperit puts Koepf

PERIT, the Austrian rubber firm, is to sell its majority holding in the West German chemical and plastics company, Koepf, writes Paul Lendvai, Vienna. Semperit acquired 97.1 per cent interest and took over 88 per cent of 5m capital. However, Koepf losses of DM 500,000 last year, a setback of DM 2.5m in 1975 and has not paid a dividend since 1975.

## Swiss lower forex limits

MEMBER banks of the Swiss foreign-exchange convention have lowered the limit on Swiss banks' day as a possible way to help smaller export businesses at a time of monetary unrest. The cut to SwFr 100,000 does not affect financial transactions or import business. The limit is set from the narrower margins, SwFr 250,000.

## Bastogi not taking up Montedison shares

By Our Own Correspondent

ROME, Oct. 12. FINANZIARIA BASTOGI, the main known private shareholder in the ailing Montedison chemicals concern, does not intend to take up its share of a forthcoming Montedison capital increase. This was made clear by Bastogi's chairman, Sig. Alberto Grandi, at a meeting with foreign journalists here.

Sig. Grandi, a former vice-chairman of Montedison, who was appointed chairman of Bastogi in May, criticised Montedison's failure to take advantage of a number of potentially saleable assets, such as its energy and pharmaceutical activities, to reduce its heavy burden of debt. For this reason, Bastogi prefers not to participate in the forthcoming capital increase and plans to withdraw from the Montedison control syndicate, which is the leading private shareholder, with a 7.6 per cent stake. Montedison recently announced an agreement whereby a group of Saudi Arabian investors will be taking a 10 per cent stake in the capital. Grandi said he would ultimately try to sell Bastogi's stake in Montedison, in line with his policy of concentrating Bastogi's participations in a "number of specific industrial areas". Bastogi has already announced plans to merge with its profitable property subsidiary, Beni Stabili, and Sig. Grandi said he would be taking steps to sell off some of Beni Stabili's most attractive property assets to finance its expansion in activities in the electrical sector, and it is about to finalise the takeover of a small subsidiary of the Montedison group, Magrini Galileo, which produces electrical goods. Later, Bastogi may be in a position to acquire one of Italy's leading electro-mechanical companies, Franco Tosi, in connection with a forthcoming rights issue which Bastogi is planning.

## CREDIT SUISSE

## Drenched in Chianti

BY JOHN WICKS IN ZURICH

WINEFOOD is far and away the largest individual element within the 140 companies that Credit Suisse, one of the big three banks in Switzerland, took under its wing after the revelations at the Chassas branch. These companies constitute the biggest wine complex in Italy, and they were uncovered in the spring of 1977 when bank officials discovered that something like SwFr 2.2bn (\$1.4m) of clients' funds had been improperly channelled through a Liechtenstein company, Texon-Finanzinvest.

The affair was plainly costly. In public relations terms, it is impossible to assess any damage, but the financial consequences were heavily underlined by Credit Suisse's last balance sheet which carried provisions against Texon of SwFr 1.2bn (\$85m). However, the bank hopes eventually to set at least part of the monetary record straight by disposing of the Texon group present timescales for departure point to 1981.

Before the bankers' unexpected found themselves owners of this multi-company group, it had gone through a period of rapid expansion. Formed only ten years ago, it carried out investments in the wine sector alone of over SwFr 200m at today's exchange rate. By 1977, total turnover was running at some SwFr 220m, including SwFr 120m from the wine business and the remainder from a range of activities including farming, the production of canned food, salami, cheese and spices and the operation of several hotels in the spa of Abano Terme, near Padua.

There was, however, a good deal of wrangling with Winefood. It had been involved too soon, leading to over-production in the important wine sector. A corresponding effect on prices: the headquarters' operation up to about 70 per cent. Conversion of the remaining shares would bring its holding back down to around the current level of 50 per cent. The company said it expected "a very significant recovery" this year and that this trend would be confirmed in 1979, when restructuring would begin to show its full benefits.

Sales this year were forecast at last year's level of SwFr 220m for the group after a tiny 0.2 per cent increase in the first half of the year to SwFr 1.1bn. About 47 per cent of last year's sales were made abroad.

Operating results at Sublatic, which invested heavily in increasing production capacity for printed paper only to see demand fall sharply last year, might be out of the red next year, the company said. This year's outlook was that it would remain in deficit, faced with heavy exceptional charges and depreciation. The other loss-making subsidiary, Proust-Masrel, which makes fibres, yarn and hosiery, was expected to break even in its operating results in the second half of this year and to make a profit in 1979.

Salami, Mister Chief (spices) and Stauffer (cheese). Preliminary negotiations are taking place on the sale of other non-wine subsidiaries. One of the participations likely to be sold next is SA Suisse d'Exploitation Agricole, an originally Swiss-owned farming concern with 3,000 acres of land near Ronde in which Winefood has a 70 per cent stake. It seems possible that the bank's interests might buy up this company, either with or without its vineyards.

For the wine companies, the bank foresees a temporary continuation of ownership so as to improve their operations before final sale. There are, in fact, already plenty of outside companies interested in taking over the whole wine sector of Winefood, according to Dr. Hugu von der Crone, deputy managing director of Credit Suisse. Most of these are "first-class, large-scale international firms," he said at a Press conference in Abano.

Various forms of divestment are being considered—Dr. von der Crone says, "purely theoretically," that Winefood shares might be sold to the public and even listed on the Stock Exchange or that Winefood companies might be sold singly. Credit Suisse wants to improve the situation of the group to be able to get a better price in the end.

Improvements are already on the way. Losses will probably be incurred by Winefood this year but much smaller ones than those of 1977, while by next year the administrators will go all out to pull the group into profits. Wine sales were up 40 per cent in value in the first half of 1978. Exports, and export prices, have been rising fast and Winefood is today responsible for over 25 per cent of all exports of DOC wines (the Italian equivalent of appellation controls). Total wine sales, which accounted for SwFr 120m of 1977's group turnover of SwFr 220m, will this year be of some SwFr 200m.

On the management side, efforts are concentrated on making the group less top-heavy by a drastic pruning at Corsico headquarters and decentralisation of operations like accounting and ordering, together with an improvement of the whole distribution structure. In marketing, product assortments will be thinned out—Chianti Melini alone has been working with no less than 828 different types—and a stress placed on DOC, special and quality table wines. The export market is very attractive, especially the fast-growing North American market with its appreciation of brand images like the Black Rooster of Chianti Classico or the "Lighter than White" slogan of Fontana Candida's Frascati.

By 1981 the bank believes the restructuring of Winefood should be far enough advanced to permit a worthwhile sale. In the meantime, Credit Suisse will continue to work on improving the concern. Fortunately, only few investments are now necessary in Winefood as a whole owing to the large-scale spending of the past. "Not only for Winefood, but for practically all our Italian participations, we have reached a point of cautious optimism," said Dr. von der Crone in one of the most positive statements yet by Credit Suisse on its Chassas stepchildren.

## La Lainiere to float convertible bond

BY DAVID WHITE

PARIS, Oct. 12.

THE LIST of French companies seeking new capital has been added to by the La Lainiere de Roubaix textile group, which is this month floating a FF1.5m (\$11.5m) convertible loan.

La Lainiere is the holding company for France's biggest woolen textile concern, which has suffered a consolidated loss of FF97m last year and is in the throes of restructuring. The loan is destined to finance reorganisation programmes at two of its main subsidiaries, Proust-Masrel and Sublatic, which between them were blamed for last year's deficit. The 8 per cent loan is subordinated on the basis of one bond for eight shares held, and the bonds can be exchanged for five new shares apiece as from July next year.

The Proust family, which controls the group, is to subscribe to a maximum of FF1.5m worth of the total. These bonds are to be converted into shares next year, bringing the family's stake up to about 70 per cent.

Conversion of the remaining shares would bring its holding back down to around the current level of 50 per cent.

The company said it expected "a very significant recovery" this year and that this trend would be confirmed in 1979, when restructuring would begin to show its full benefits.

Sales this year were forecast at last year's level of SwFr 220m for the group after a tiny 0.2 per cent increase in the first half of the year to SwFr 1.1bn. About 47 per cent of last year's sales were made abroad.

Operating results at Sublatic, which invested heavily in increasing production capacity for printed paper only to see demand fall sharply last year, might be out of the red next year, the company said. This year's outlook was that it would remain in deficit, faced with heavy exceptional charges and depreciation. The other loss-making subsidiary, Proust-Masrel, which makes fibres, yarn and hosiery, was expected to break even in its operating results in the second half of this year and to make a profit in 1979.

Improvements are already on the way. Losses will probably be incurred by Winefood this year but much smaller ones than those of 1977, while by next year the administrators will go all out to pull the group into profits. Wine sales were up 40 per cent in value in the first half of 1978. Exports, and export prices, have been rising fast and Winefood is today responsible for over 25 per cent of all exports of DOC wines (the Italian equivalent of appellation controls). Total wine sales, which accounted for SwFr 120m of 1977's group turnover of SwFr 220m, will this year be of some SwFr 200m.

On the management side, efforts are concentrated on making the group less top-heavy by a drastic pruning at Corsico headquarters and decentralisation of operations like accounting and ordering, together with an improvement of the whole distribution structure. In marketing, product assortments will be thinned out—Chianti Melini alone has been working with no less than 828 different types—and a stress placed on DOC, special and quality table wines. The export market is very attractive, especially the fast-growing North American market with its appreciation of brand images like the Black Rooster of Chianti Classico or the "Lighter than White" slogan of Fontana Candida's Frascati.

By 1981 the bank believes the restructuring of Winefood should be far enough advanced to permit a worthwhile sale. In the meantime, Credit Suisse will continue to work on improving the concern. Fortunately, only few investments are now necessary in Winefood as a whole owing to the large-scale spending of the past. "Not only for Winefood, but for practically all our Italian participations, we have reached a point of cautious optimism," said Dr. von der Crone in one of the most positive statements yet by Credit Suisse on its Chassas stepchildren.

Improvements are already on the way. Losses will probably be incurred by Winefood this year but much smaller ones than those of 1977, while by next year the administrators will go all out to pull the group into profits. Wine sales were up 40 per cent in value in the first half of 1978. Exports, and export prices, have been rising fast and Winefood is today responsible for over 25 per cent of all exports of DOC wines (the Italian equivalent of appellation controls). Total wine sales, which accounted for SwFr 120m of 1977's group turnover of SwFr 220m, will this year be of some SwFr 200m.

On the management side, efforts are concentrated on making the group less top-heavy by a drastic pruning at Corsico headquarters and decentralisation of operations like accounting and ordering, together with an improvement of the whole distribution structure. In marketing, product assortments will be thinned out—Chianti Melini alone has been working with no less than 828 different types—and a stress placed on DOC, special and quality table wines. The export market is very attractive, especially the fast-growing North American market with its appreciation of brand images like the Black Rooster of Chianti Classico or the "Lighter than White" slogan of Fontana Candida's Frascati.

## Potasas de Navarra, S.A. Spain

US \$ 9,000,000

Medium Term Loan

Instituto Nacional de Industria (I.N.I.)

Morgan Grenfell (Switzerland) S.A.

Banque Belge pour l'Etranger S.A. Canadian Imperial Bank of Commerce Morgan Grenfell (Switzerland) S.A.

Banco Arabe Español S.A.

Bank of Scotland

Trade Development Bank, London Branch

Morgan Grenfell &amp; Co. Limited

## Robeco

## Favourable climate increases value

- \* ROBECO shares rose by 5% to Fls. 177 between 1st May and 31st August.
- \* Distinct change on Wall St. led to purchases on balance of Fls. 70 million in the United States.
- \* American portfolio fully covered against currency fall by forward dollar transactions.
- \* Net sellers in Japan but, due to strength of the Yen, ROBECO's interest in real terms remained the same.
- \* British, French, Australian and Hong Kong holdings benefited from the very favourable market conditions.
- \* 31% stock distribution declared payable in October. Final cash dividend will be declared in April 1979. Total dividend for 1978 will be at least on the same level as before.

## Sodra losses increase

By William Dufforce

STOCKHOLM, Oct. 12. SODRA, the Swedish forest owners' co-operative, has reported a consolidated loss of SKr 240m (\$54.5m) during the first seven months of this year, an increase of SKr 82m over the loss for the corresponding period in 1977. But the market has turned, and Sodra expects to cut its losses.

SKr 70m in the last five months to give a final pre-tax deficit for 1978 of around SKr 310m against SKr 386m last year. Sales during the first seven months increased by 5 per cent to SKr 1.57bn (\$356m). Pulp deliveries in fact increased by 25 per cent during the first half of the year but the market price for bleached sulphate pulp during the period was \$320 a tonne compared with \$290 a tonne in the first half of 1977. Sodra's loss on its pulp operations thus increased by SKr 60m.

Demand for pulp is now strengthening at the same time as the market price for bleached sulphate pulp was raised in July to \$340 a tonne and is expected to maintain a level of \$380 a tonne during the last quarter. A negative factor is the weakening of the dollar but Sodra never expects to operate its pulp mills at full capacity for the rest of the year and to cut its losses substantially. Sodra's problems have been compounded by its commitment to a SKr 2bn investment in a new pulp and paper plant at Moensternas. Investments during the first half totalled SKr 256m, of which SKr 213m went to the Moensternas project.

The interim report notes that the management is undertaking an extensive re-organisation.

## French steel share prices decline

THERE WERE sharp falls among steel company share prices on the Paris bourse yesterday with Denain Nord-Pas de Calais dropping from FF12.50 to FF11.50 and Chiers-Chaillou sliding by FF1.70 to FF1.20, writes our financial staff.

Yesterday was the first day of dealing following the suspension on September 21 in the wake of the government's rescue plans for the steel industry. Dealers were suggesting that the price setbacks stemmed from fears of a further private shareholders' take-over under the government initiative, companies would receive insufficient compensation for the industry's debts.

## FOOD PRICE MOVEMENTS

	October 5	Week ago	Month ago
BACON			
Danish A.1 per ton	1,115	1,115	1,115
British A.1 per ton	1,085	1,085	1,085
Irish Special per ton	1,010	1,010	1,010
US A.1 per ton	1,030	1,030	1,030
BUTTER			
NZ per 20 kg	12.50	12.72	12.50
English per cwt	77.81	78.02	77.81
Danish salted per cwt	78.98	78.98	78.98
CHICKENS			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,245	1,275	1,275
EGGS			
Home-produce:			
Size 2	2.70	2.60	2.55
Size 1	2.70	2.60	2.55

	October 5	Week ago	Month ago
BEEF			
Scottish killed sides ex-KCFC	33.0	37.0	34.0
Eire forequarters	33.0	38.0	34.0
LAMB			
English	32.0	38.0	34.0
Port (all weights)	36.0	46.0	36.0
POULTRY—Broiler chickens	36.0	38.0	36.0

\* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. § For delivery October 13-22.

CLIVE INVESTMENTS LIMITED  
1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101.  
Index Guide as at October 10, 1978 (Base 100 at 14.1.77)  
Clive Fixed Interest Capital ..... 129.65  
Clive Fixed Interest Income ..... 114.20

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.  
45 Cornhill, London EC3V 3PE. Tel: 01-523 6314.  
Index Guide as at October 12, 1978  
Capital Fixed Interest Portfolio ..... 100.00  
Income Fixed Interest Portfolio ..... 100.00

## INTRODUCTION of the Shares of common stock of

**TDK**  
TDK ELECTRONICS CO., LTD.

TO OFFICIAL TRADING ON THE BRUSSELS AND ANTWERP STOCK EXCHANGES

on October 19, 1978

arranged through

Nomura Securities Co. Ltd.

by

Banque Bruxelles Lambert

Copies of the listing prospectus with particulars relating to the Company, are available at the offices and branches of Banque Bruxelles Lambert as well as at Avenue Europe N.V., Sarphatstraat 33-35, Amsterdam.

## Transocean Gulf Oil Company

7% Guaranteed Debentures Due 1980

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of November 1, 1968, under which the above-designated Debentures are issued, \$775,000, aggregate principal amount of such Debentures of the following description, has been selected for redemption on November 15, 1978 (therein sometimes referred to as the redemption date):

SERIAL	CUPON	DEBENTURES BEARING THE PREFIX LETTER M
1	2507	4958
2	2508	4959
3	2509	4960
4	2510	4961
5	2511	4962
6	2512	4963
7	2513	4964
8	2514	4965
9	2515	4966
10	2516	4967
11	2517	4968
12	2518	4969
13	2519	4970
14	2520	4971
15	2521	4972
16	2522	4973
17	2523	4974
18	2524	4975
19	2525	4976
20	2526	4977
21	2527	4978
22	2528	4979
23	2529	4980
24	2530	4981
25	2531	4982
26	2532	4983
27	2533	4984
28	2534	4985
29	2535	4986
30	2536	4987
31	2537	4988
32	2538	4989
33	2539	4990
34	2540	4991
35	2541	4992
36	2542	4993
37	2543	4994
38	2544	4995
39	2545	4996
40	2546	4997
41	2547	4998
42	2548	4999
43	2549	5000
44	2550	5001
45	2551	5002
46	2552	5003
47	2553	5004
48	2554	5005
49	2555	5006
50	2556	5007
51	2557	5008
52	2558	5009
53	2559	5010
54	2560	5011
55	2561	5012
56	2562	5013
57	2563	5014
58	2564	5015
59	2565	5016
60	2566	5017
61	2567	5018
62	2568	5019
63	2569	5020
64	2570	5021
65	2571	5022
66	2572	5023
67	2573	5024
68	2574	5025
69	2575	5026
70	2576	5027
71	2577	5028
72	2578	5029
73	2579	5030
74	2580	5031
75	2581	5032
76	2582	5033
77	2583	5034
78	2584	5035
79	2585	5036
80	2586	5037
81	2587	5038
82	2588	5039
83	2589	5040
84	2590	5041
85	2591	5042
86	2592	5043
87	2593	5044
88	2594	5045
89	2595	5046
90	2596	5047
91	2597	5048
92	2598	5049
93	2599	5050
94	2600	5051
95	2601	5052
96	2602	5053
97	2603	5054
98	2604	5055
99	2605	5056
100	2606	5057
101	2607	5058
102	2608	5059
103	2609	5060
104	2610	5061
105	2611	5062
106	2612	5063
107	2613	5064
108	2614	5065
109	2615	5066
110	2616	5067
111	2617	5068
112	2618	5069</

# INTL FINANCIAL AND COMPANY NEWS

## Wormald complains of business lost through tax uncertainty

BY JAMES FORTH

SYDNEY, Oct. 12.

UNCERTAINTY over the Australian government's stated intention to tax foreign earnings has prevented Wormald International from negotiating some major international business, the chairman, Mr. J. W. Utz, claimed at the company's annual meeting in Sydney today.

Mr. Utz said that in June the government announced that substantial changes would be made in the taxation of overseas income through the introduction of a foreign tax credit system, which would effectively apply the Australian company tax rate to foreign earnings.

The announcement provided only limited details of the proposed system and because of this

was vague and ambiguous, Mr. Utz said. But the details that were made available would have the effect of severely restricting Australian companies' operating overseas.

Wormald, which operates in the fire protection and security sectors, had vigorously opposed the introduction of the system which would not allow the company to trade on an equal basis with competitors around the world. It would also affect exports from Australia, with the consequential detrimental effects of reducing the country's technical growth and adding to the already high unemployment, he added.

Mr. Utz said the government

had announced it would not proceed without further very careful thought, but the delay since June in receiving a firm decision had affected the company's progress and Wormald had been unable to negotiate some major international business as a result. The business related to a major contract in the Middle East.

Mr. Utz added that profits were up for the first quarter of the current year, but the measure of growth would depend largely on the world economic climate and the government's tax proposals. More than 50 per cent of Wormald's 1977-78 profits came from earnings from abroad.

## Power plant spending aids Japan's investment

TOKYO, Oct. 12.

HEAVY INVESTMENTS by the electric power industry are expected to provide the biggest contribution to capital spending by Japanese businesses in the year ending March 31, according to a survey released today by the Industrial Bank of Japan.

The rise of 15.1 per cent in capital spending is in line with forecasts last month by the Japan Development Bank. The Industrial Bank said its 1,652 major corporate customers are planning to invest a total of ¥9.62 trillion (U.S.\$1.7bn) in new plants and equipment, up from ¥8.48 trillion invested in the year ended last March.

A bank official said, however, that the increase in corporate spending will not bring with it an increased demand for bank loans, a demand that has been lagging for the past year. The bank official said nationwide corporate borrowing will be down from the previous year because many companies will be using their own funds with which to finance capital expenditures.

Earlier surveys by other banks showed similar capital spending increases for the year ending next March. The long-term Credit Bank of Japan had forecast a 15.3 per cent increase.

According to the Industrial Bank's survey, capital spending in the manufacturing sector is expected to be ¥2.991 trillion down three per cent from the year before and the fourth straight annual decline. Spending by the power industry, however, put at ¥3.13 trillion, up 33.7 per cent from last year.

Spending by the non-manufacturing sector is expected to total ¥6.331 trillion, a 25.3 per cent increase over the year. Most of the manufacturing sector that are planning spending are involved in the production of consumer goods. Spending by car makers is seen as rising 9.7 per cent and by electric appliance manufacturers by 8.2 per cent.

On the other hand, the chemical industry is planning a 15.7 per cent drop in spending and steel a 12 per cent drop. Shipbuilding spending is expected to take 8.8 per cent.

AP-DJ

## OKI setback forces staff cuts

TOKYO, Oct. 12.

THE OKI Electric Industry Company, the telecommunications and electronics manufacturer, is asking 1,500 employees to seek voluntary retirement by the end of this month.

The company notified its 12,600-member labour union that the move is part of a rationalisation programme that also calls for the closure of one of its five plants.

Because of sluggish sales and declining export earnings (due primarily to the rise of the Yen), OKI posted a ¥458m (U.S.\$2.45m) operating loss in March 31. However, because of various property sales, the company showed a net profit of ¥714m (U.S.\$3.53m) for the period.

AP-DJ

## Tokai extends in Singapore

TOKYO, Oct. 12.

THE TOKAI Bank has indicated that its Singapore representative office will become a branch effective from December 1.

In addition to ordinary banking services, the new branch will raise both short and long-term foreign currency funds in the Singapore Asia dollar market, the bank said.

The Singapore branch will bring to five the number of Tokai's foreign branches. The bank also has three subsidiaries and 15 representative offices abroad.

## ITO improve on food sales

TOKYO, Oct. 12.

THE JAPANESE food group, ITO Han Foods, reported half-year net profit of ¥2.54bn (U.S.\$12.6m) compared with ¥2.25bn (U.S.\$11.2m) for the same period in 1977.

The company forecast its net profit for the full year ending February 28 at ¥3bn, compared with ¥1.62bn in the previous year. Sales for the year were forecast at ¥215bn, compared with ¥199.32bn for 1977.

AP-DJ

## Two Singapore takeovers

SINGAPORE Paper Products announced that it was exchanging 1.9m of its shares and S\$8.290 (U.S.\$4.322) in cash for 612,000 shares in Bored Pilling (PTE) Ltd, to acquire 51 per cent stake in that company.

Singapore Paper is also exchanging 122,000 of its shares and S\$2.623 (U.S.\$1.193) in cash for 38,720 shares in Soil And Foundation (PTE) Ltd, to acquire 31 per cent interest in that company.

Menyville Mentakab Rubber (Malaya) Berhad has announced an interim dividend of 11 per cent less tax.

# Currency, Money and Gold Markets

## Dollar recovers in late trading

The U.S. dollar fell sharply in nervous early trading in the foreign exchange market yesterday, but picked up in the afternoon to finish against most levels of the day against most major currencies.

Sterling opened at \$1.9900-1.9910, and quickly jumped to \$2.0000-2.0010 for a very brief time. The highest level touched since August 15. By midday the pound was back at \$1.9950-1.9960. However, it declined in quiet afternoon trading to \$1.9940-1.9950, a fall of 75 points on the day. Sterling's trade-weighted index, as calculated by the Bank of England, fell to 62.5 at noon and 62.4 in early trading.

Other currencies showed similar movements against the dollar, with the D-mark touching a record high of DM 1.8960 against the U.S. dollar before closing at DM 1.8757, compared with DM 1.8700 previously. The Swiss franc also rose sharply to Sfr 1.5293, but then fell back to close at Sfr 1.5420 against the dollar, compared with Sfr 1.5410 on Wednesday.

News that Chase Manhattan has raised its prime rate helped the dollar in the afternoon, coupled with increased intervention by the Swiss authorities after lunch.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, narrowed to 10 per cent from 10.1 per cent.

Further pressure on the weaker members of the European currency snake led to central bank intervention to prevent the D-mark rising above its highest permitted level.

NEW YORK—The dollar gained against all major currencies in moderate trading, helped by news that Chase day by day by 1955 cannot be reached. Foreign banks sold dollars heavily during the morning, but the 8 1/2 per cent move was not enough to turn round later when the dollar fell to the market, however, and may have been below \$1.9450. Spot trading anticipated, since the dollar was totalled \$545m, and combined already moving up before the rise forward and swap transactions was announced. Intervention by the Fed was \$718m.

## EXCHANGE CROSS RATES

Oct. 12	Pound sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Spain Ptas
Pound sterling	1.0000	1.9950	3.7200	371.00	4.8400	5.0500	4.0300	161.00	2.3600	166.00
U.S. Dollar	0.5014	1.0000	1.8750	109.00	4.8600	5.0500	4.0300	161.00	2.3600	166.00
Deutsche Mark	0.5329	0.5329	1.0000	100.00	2.7600	5.0500	4.0300	161.00	2.3600	166.00
Japanese Yen	0.9174	0.9174	0.9174	1.0000	2.7600	5.0500	4.0300	161.00	2.3600	166.00
French Franc	0.2048	0.2048	0.2048	0.2048	1.0000	5.0500	4.0300	161.00	2.3600	166.00
Swiss Franc	0.1978	0.1978	0.1978	0.1978	0.1978	1.0000	4.0300	161.00	2.3600	166.00
Dutch Guilder	0.2468	0.2468	0.2468	0.2468	0.2468	0.2468	1.0000	161.00	2.3600	166.00
Italian Lira	0.0181	0.0181	0.0181	0.0181	0.0181	0.0181	0.0181	1.0000	2.3600	166.00
Canada Dollar	0.4250	0.4250	0.4250	0.4250	0.4250	0.4250	0.4250	0.4250	1.0000	166.00
Spain Ptas	1.7000	1.7000	1.7000	1.7000	1.7000	1.7000	1.7000	1.7000	1.7000	1.0000

## EURO-CURRENCY INTEREST RATES

Oct. 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian R	Japanese Yen
3-month term	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	10-11	10-11	10-11	10-11	10-11	10-11	10-11
6-month term	10 1/2-11 1/2	10 1/2-11 1/2	10 1/2-11 1/2	12-13	12-13	12-13	12-13	12-13	12-13	12-13
12-month term	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	14-15	14-15	14-15	14-15	14-15	14-15	14-15
One year	13 1/2-14 1/2	13 1/2-14 1/2	13 1/2-14 1/2	15-16	15-16	15-16	15-16	15-16	15-16	15-16

The following nominal rates were quoted for London dollar certificates of deposit: one month 9.5-10.5 per cent; three months 9.5-10.5 per cent; six months 9.5-10.5 per cent; one year 9.5-10.5 per cent. For all other currencies, rates are for one month deposits. For all other currencies, rates are for one month deposits.

## INTERNATIONAL MONEY MARKET

## U.S. prime rates reach 10%

Moves towards a double figure prime rate gathered momentum yesterday when Chase Manhattan Bank raised its prime rate from 9 1/2 per cent to 10 per cent. With upward pressure continuing on U.S. interest rates, the only factor that seemed to be uncertain was the timing of such a move. U.S. banks had previously increased their prime rates to 9 1/2 per cent as recently as the end of September.

With Federal funds trading at around 8 1/2 per cent, the Federal reserve entered the market by making four-day repurchase agreements, although technical considerations will appear to be a prominent feature causing the upward pressure. Although it has never really been clear, this latest move tends to point towards the authorities' desire to maintain a target rate of 8 1/2 per cent.

Treasury bills were mostly lower with 13-week bills at 7.95 per cent, down from 8.05 per cent last week. One-month bills showed little change at 8.28 per cent. Treasury bills were mostly lower with 13-week bills at 7.95 per cent, down from 8.05 per cent last week. One-month bills showed little change at 8.28 per cent.

AMSTERDAM—The Dutch Bank rate was raised to 6 1/2 per cent from 6 per cent. The Bank of Amsterdam raised its prime rate to 6 1/2 per cent from 6 per cent. The Bank of Amsterdam raised its prime rate to 6 1/2 per cent from 6 per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) tended to project a sharper reverse yield curve with three-month bills at 8 1/2 per cent, six-month bills at 8 1/2 per cent, and one-year bills at 8 1/2 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

PARIS—Money market rates were generally firmer with call money up from Wednesday's level of 6 1/2 per cent to 7 per cent and one-month rising to 7 1/2 per cent from 7 1/2 per cent. The three-month rate was quoted at 7 1/2 per cent, down from 7 1/2 per cent while the six-month rate was quoted at 7 1/2 per cent, down from 7 1/2 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

FRANKFURT—Interbank money market rates showed an easier tendency with call money at 3.5-3.6 per cent against 3.4-3.5 per cent previously. The three-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent while the six-month rate was quoted at 3.5-3.6 per cent, down from 3.5-3.6 per cent.

THE POUND SPOT				FORWARD AGAINST			
Oct. 11	Bank rate	Dur's Spread	Clus	One month	3 mos.	Three months	
U.S. \$	1.9955-1.9960		1.9950-1.9960	0.04-0.05 p.p.m.	0.05	0.05	1.9950-1.9960
Canadian \$	0.7500-0.7510		0.7500-0.7510	0.04-0.05 p.p.m.	0.05	0.05	0.7500-0.7510
Deutsche M	3.7200-3.7300		3.7200-3.7300	0.04-0.05 p.p.m.	0.05	0.05	3.7200-3.7300
Japanese Y	371.00-372.00		371.00-372.00	0.04-0.05 p.p.m.	0.05	0.05	371.00-372.00
French F	4.8400-4.8500		4.8400-4.8500	0.04-0.05 p.p.m.	0.05	0.05	4.8400-4.8500
Swiss F	5.0500-5.0600		5.0500-5.0600	0.04-0.05 p.p.m.	0.05	0.05	5.0500-5.0600
Dutch G	4.0300-4.0400		4.0300-4.0400	0.04-0.05 p.p.m.	0.05	0.05	4.0300-4.0400
Italian L	161.00-162.00		161.00-162.00	0.04-0.05 p.p.m.	0.05	0.05	161.00-162.00
Spain P	166.00-167.00		166.00-167.00	0.04-0.05 p.p.m.	0.05	0.05	166.00-167.00
Belgian B	33.33-33.44		33.33-33.44	0.04-0.05 p.p.m.	0.05	0.05	33.33-33.44
Austrian S	13.76-13.87		13.76-13.87	0.04-0.05 p.p.m.	0.05	0.05	13.76-13.87
Portug P	200.48-201.59		200.48-201.59	0.04-0.05 p.p.m.	0.05	0.05	200.48-201.59
Yugoslav D	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Czech K	166.00-167.00		166.00-167.00	0.04-0.05 p.p.m.	0.05	0.05	166.00-167.00
Slovak S	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Hungary F	166.00-167.00		166.00-167.00	0.04-0.05 p.p.m.	0.05	0.05	166.00-167.00
Romania L	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Bulgaria L	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Greece D	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Turkey L	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
India R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Pakistan R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Bangladesh T	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Sri Lanka R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Malaysia R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Singapore R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Thailand B	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Philippines P	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Indonesia R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Brunei D	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Maldives R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Comoros R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Madagascar R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Mozambique R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Namibia R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Botswana P	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Swaziland R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Lesotho R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Angola R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Cape Verde R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Guinea B R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Sierra Leone R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Liberia L	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Ivory Coast R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Ghana C	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Upper Volta R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Niger R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Chad R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Cameroon R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Cote d'Ivoire R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Senegal R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Gambia R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Guinea R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Sierra Leone R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Liberia L	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Ivory Coast R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Ghana C	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Upper Volta R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Niger R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Chad R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Cameroon R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Cote d'Ivoire R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Senegal R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Gambia R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Guinea R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Sierra Leone R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Liberia L	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Ivory Coast R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Ghana C	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Upper Volta R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Niger R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Chad R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Cameroon R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Cote d'Ivoire R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Senegal R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Gambia R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Guinea R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Sierra Leone R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Liberia L	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Ivory Coast R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Ghana C	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Upper Volta R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Niger R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Chad R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Cameroon R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Cote d'Ivoire R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Senegal R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Gambia R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Guinea R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Sierra Leone R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Liberia L	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Ivory Coast R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Ghana C	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Upper Volta R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Niger R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Chad R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Cameroon R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Cote d'Ivoire R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Senegal R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Gambia R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Guinea R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Sierra Leone R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Liberia L	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Ivory Coast R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Ghana C	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Upper Volta R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Niger R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Chad R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Cameroon R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Cote d'Ivoire R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Senegal R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Gambia R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Guinea R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Sierra Leone R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Liberia L	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Ivory Coast R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Ghana C	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Upper Volta R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Niger R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Chad R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Cameroon R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Cote d'Ivoire R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Senegal R	13.63-13.74		13.63-13.74	0.04-0.05 p.p.m.	0.05	0.05	13.63-13.74
Gambia R	13.63-13.74		13.63-1				

# Early easiness on Wall St. on prime rate rise

EXING FIRMINESS failed to d on Wall Street yesterday, owing a prime rate boost by the Manhattan Bank to 10 per cent from 9 1/2 per cent, the highest for the prime since 1973.

Following another 0.65 to 0.5, the Dow Jones Industrial Average reacted to 100.12 by 1 pm, a net loss of 1.30. The NYSE Common Index shed 9 cents to 539.20, although rises held.

Closing prices and market reports were not available for this edition.

arrow lead over full. Trading was sharply expanded by 1 pm yesterday, compared to 1.17m, compared to 1.17m yesterday.

rate level came as no surprise although came a day later than expected. Citibank leads the Banking Industry setting new rates Friday morning.

in-553 even though Defense Secretary Brown expelled protection of the submarine launched cruise missile being developed by General Dynamics.

Fantauz Kadak eased \$1 to \$65, although it reentered higher third quarter earnings.

NCR was active and off \$1 to \$68.85, its earnings report on Wednesday showed third quarter net up sharply.

Polaroid picked up \$1 to \$33.10 and International Paper \$1 to \$41.10. Penick eased \$1 to \$28.10 and Exxon \$1 to \$32.10, all in active trading.

Colgate-Palmolive shed \$1 to \$19.10, following "flat" third quarter earnings.

Raster Travel said third quarter profits rose and it tacked on \$1 to \$43.10.

The American SE rose in moderately active trading, with the index up 0.32 to 125.33, turnover of 2.15m (1.22m) shares.

isolated gains included GHI, which advanced DM 11.40, VW rose DM 0.5, Dalmier DM 1 and BMW DM 0.5.

Man went down DM 2.5 to 10.10.

Switzerland

Prices retreated initially on the sustained dollar weakness, but later recovered slightly on selective demand.

Lending banks were barely active, with a number of changed financials. Elektro-Watt, Derlikon-Buehrle, Registered and Italo Suisse each rose. Forbe and both Interfood issues eased. Insurances and Industrials were mixed.

Domestic Bonds were quietly steady, while Foreign Bonds moved slightly higher.

Among Foreign shares, dollar stocks were below Wednesday's level. Foreign closing levels, while Dutch and German issues were lower.

Switzerland

Prices retreated initially on the sustained dollar weakness, but later recovered slightly on selective demand.

Lending banks were barely active, with a number of changed financials. Elektro-Watt, Derlikon-Buehrle, Registered and Italo Suisse each rose. Forbe and both Interfood issues eased. Insurances and Industrials were mixed.

Domestic Bonds were quietly steady, while Foreign Bonds moved slightly higher.

Among Foreign shares, dollar stocks were below Wednesday's level. Foreign closing levels, while Dutch and German issues were lower.

London

A mixed trend prevailed after a moderately active session.

Bank of England's Monetary Policy Committee held a 12.5% while Montagu eased 12.25 in Chemicals.

Bank of Scotland's Monetary Policy Committee held a 12.5% while Montagu eased 12.25 in Chemicals.

Bank of Scotland's Monetary Policy Committee held a 12.5% while Montagu eased 12.25 in Chemicals.

### Indices

#### NEW YORK-DOW JONES

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
100.12	99.82	99.52	99.22	98.92	98.62	98.32	98.02	97.72	97.42	97.12	96.82	96.52	96.22	95.92	95.62	95.32	95.02	94.72	94.42	94.12

#### STANDARD AND POORS

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
115.85	115.55	115.25	114.95	114.65	114.35	114.05	113.75	113.45	113.15	112.85	112.55	112.25	111.95	111.65	111.35	111.05	110.75	110.45	110.15	109.85

#### R.Y.S.E. ALL COMMON

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
58.28	58.04	57.80	57.56	57.32	57.08	56.84	56.60	56.36	56.12	55.88	55.64	55.40	55.16	54.92	54.68	54.44	54.20	53.96	53.72	53.48

#### MONTREAL

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
222.14	221.64	221.14	220.64	220.14	219.64	219.14	218.64	218.14	217.64	217.14	216.64	216.14	215.64	215.14	214.64	214.14	213.64	213.14	212.64	212.14

#### TORONTO

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
1527.1	1526.1	1525.1	1524.1	1523.1	1522.1	1521.1	1520.1	1519.1	1518.1	1517.1	1516.1	1515.1	1514.1	1513.1	1512.1	1511.1	1510.1	1509.1	1508.1	1507.1

#### JOHANNESBURG

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
262.5	262.0	261.5	261.0	260.5	260.0	259.5	259.0	258.5	258.0	257.5	257.0	256.5	256.0	255.5	255.0	254.5	254.0	253.5	253.0	252.5

#### Australia

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
58.28	58.04	57.80	57.56	57.32	57.08	56.84	56.60	56.36	56.12	55.88	55.64	55.40	55.16	54.92	54.68	54.44	54.20	53.96	53.72	53.48

#### BRASIL

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73

#### OSLO

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73

#### JOHANNESBURG

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73

#### PARIS

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73

#### STOCKHOLM

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73

#### SECURITIES RANK US\$0.731 (Discount of 35.87%)

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73

#### SPAIN

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73

Canada

Share prices were generally higher in active midday trading, with the Toronto Composite Index up 0.32 to 125.33, turnover of 2.15m (1.22m) shares.

The American SE rose in moderately active trading, with the index up 0.32 to 125.33, turnover of 2.15m (1.22m) shares.

Germany

Currency uncertainties in the Foreign Exchange Market helped to depress share prices in nervous trading.

In Motors, Mercedes shed DM 1.10, while in Industrials, Demag eased DM 1.10. Among Banks, Deutsche Bank lost DM 1.10 and Commerzbank DM 1.10. Horren retreated DM 1.10.

Brussels

Belgian share prices were mixed to mostly lower in quiet trading. Wednesday's monetary measures have had no apparent effect on the market so far, while the Belgian Premier's resignation seems to have resulted in slightly lower share prices.

Foreign stocks, UK were mixed. German, Italian, French, Dutch, Canadian and French issues lower, while U.S. were higher. Gold Mines were slightly lower.

Tokyo

Share prices closed lower, led by Export-Oriented issues following the fresh Yen appreciation. Volume 20m (15m) shares.

Sony fell 30 to 1400, TDK Electronics 770 to 2050, Matsushita Communication 180 to 1920 and Nissan Motor 172 to 160 on increased liquidations towards the close.

Buying orders fell in the afternoon as investors generally took a waiting attitude following the recent rise in the outstanding balance of buying in Margin Trading.

#### GERMANY

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73

#### TOKYO

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73

#### AUSTRALIA

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73

#### BRUSSELS/LUXEMBOURG

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73

#### AMSTERDAM

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73

#### PARIS

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73

#### SWITZERLAND

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73

#### COPENHAGEN

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31
10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73	10.73

#### MILAN

Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17
---------	---------	---------	---------	---------	---------	---------

# The Property Market

BY JOHN BRENNAN

## Intriguing Anzani

BRITISH ANZANI shareholders may have to wait a few weeks for their 1978 accounts, but more for the group's past 11. Davis and Company who has taken over from Gerald Faulk as chairman, said yesterday that discussions were in progress which would give the group a "different bias". The board, with two other new appointments and three resignations this week, wants the 1978 accounts to reflect the effects of an imminent financial reconstruction.

Mr. Shrago, and Mr. Michael Norris, the surveyor who has taken over as joint managing director, both feel that it is "premature to disclose what we have in mind". But Mr. Shrago would say that discussions with British Steel Corporation's Pension Fund over the group's industrial estate at Aylesford, Kent are still in progress.

In October 1977 BSC paid £9m for a third of British Anzani's 92-acre site and its 800,000 sq ft of completed buildings. At the time of the sale the fund "expressed interest in being involved with the company in the development of the remainder of the estate". The sale of the remaining land would go some way towards the group's past 11. Davis and Company who has taken over from Gerald Faulk as chairman, said yesterday that discussions were in progress which would give the group a "different bias". The board, with two other new appointments and three resignations this week, wants the 1978 accounts to reflect the effects of an imminent financial reconstruction.

The group runs profitable paper converting, scrap metal, warehousing and civil engineering businesses. But, as Mr. Shrago says, its remaining property interests "can hardly be treated as historic for the moment." One major residual problem is a £2.2m contingent liability to the U.S. bank, Bankers Trust International. This stems from losses on the Felixstowe office development financed by BTI, handed back to the bank last year, and sold through a receiver. Some £325,000 of the liability was discharged last year. But the remaining money stands as a second charge on the Aylesford land behind loans from National Westminster bank for further reasons for a sale to BSC.

It looks possible that the BTI

liability will now be cleared either by property sales or by a new equity loan injection brought by the third new member of the board, Alexander Kaye.

Mr. Kaye is described by the new chairman as "a financial consultant" who has "several international financial connections". Intriguing Shareholders will learn in the next few weeks if these links are strong enough to carry out the planned financial reconstruction of British Anzani and a restoration of the share quote, suspended last November.



## The city's villages

THE DISTINCT "business villages" within the City of London office market are easily recognised. Banks feel most comfortable in the shadow of the Bank of England, insurance groups try to keep within walking distance of Lloyd's, and stockbrokers still huddle around the Stock Exchange tower.

Richard Ellis's City Unspace reviews first clearly identified the parameters of these separate office markets, now Savill's has taken the research

a step further with an analysis of office space taken up in the City.

The analysis provides no real surprises. But it does help to confirm accepted letting wisdom. In the EC2 3, and 4 postal districts Savill's arrives at a total space take-up of 2.9m sq feet in the year, 43 per cent in EC2, 26 per cent in EC3, and 31 per cent in EC4. Average unit sizes ranged from 3,900 sq feet in EC3, where size reflected the number of smaller insurance office lettings, to a 9,000 sq foot average in EC4.

Looking at banks, Savill's records a fairly even spread of lettings throughout the central postal districts, with a slight bias towards the traditional banking areas of EC2, which took 39.4 per cent of all lettings. Two thirds of British banks took suites in the 10,000 to 30,000 sq foot range with lettings averaging 17,732 sq feet. Overseas banks went for smaller units, averaging 4,890 sq feet if one excludes Morgan Guaranty's 175,000 sq foot Angle Court letting and Continental Illinois move to the 91,300 sq foot former Times

building in Queen Victoria Street.

Foreign banks also showed a distinct preference for EC2 space, with lettings to that postal district accounting for 62 per cent of the total.

Prestige addresses also remain a critical sales point for lettings to the insurance sector, with no less than 72 per cent of the year's lettings from that sector in the Lloyd's dominated EC3 area. Suites of less than 5,000 sq ft were taken by 71 of the 93 insurance firms that moved, and the average unit size proved to be just 4,194 sq ft.

Summarising the sector by sector lettings in the year Savill's research suggested account for a quarter of all City office space, took 29.5 per cent of new lettings. Insurance followed at 20 per cent, with other professional and business services taking 19.5 per cent. The balance went to other finance houses, 10.5 per cent; shopping, 7 per cent; private companies' headquarters buildings, 7 per cent; printing and publishing, 2.5 per cent; commodities, 2 per cent; and public sector offices, 2 per cent.

Savill's is nervous about drawing too firm conclusions from its research, sticking to the cautious, but hard to challenge, comment that pressure for modern space from banking, insurance and finance groups is already running ahead of new office supply in these key business areas.

This supply imbalance shows through in a rather seasonally blurred form in Debenhams Tewson and Cunnocks' latest City floorpace review.

Some 394,000 sq ft of offices have come onto the market in the EC1 to EC4 postal districts in September, 40 per cent of which coming from buildings released by Fluor UK's move to British Rail's Euston Square scheme. Fluor buildings, on top of the usual autumn inflow of lettable space, mask the steady fall in the amount of City office space seen in earlier months.

Mr. C. Van Zadelhoff, speaking at the firm's 10th anniversary this week, said that, in response to strong demand from Dutch investors for British property, he is "80 per cent certain" of starting a London office next year. The firm, which expects to manage properties worth around £1.5bn (£370m) in 1978, is also considering opening a "Belgium office. Its 90 staff already operate eight offices in Holland, one in Frankfurt, and one in Denver.

breaks down to 550,000 sq ft in EC1; £28,000 in EC2; 409,000 in EC3, and 701,000 in EC4.

WEST OF the City the office letting market is still looking fairly sleepy after a dull summer period. Drivers Jones' September review of floorpace to Mayfair and St. James' records the lowest letting rate for two years, at just 48.417 square feet for the month. The space available would have also shown a gentle downturn, but for the arrival on the market of the 151,400 square foot Devonshire House in Piccadilly, marketed by John D. Wood and Fuller Peiser.

That building alone now accounts for 41 per cent of the 371,143 square feet available in the area.

Sluggish letting demand is partially masked in the September report by the 30,682 square foot De La Rue House in Regent Street coming under offer, turning what would have been a 3 per cent drop in space under offer to a 17 per cent rise.

A Devonshire House is only partially air conditioned, its arrival on the market pushes the proportion on non-air conditioned space surveyed from a fifth to nearly half. But this has not had a significant impact on asking rents which now average £8.75 a square foot.

Mr. Zadelhoff feels that Dutch investors are being forced to look abroad by the shortage of property at home and the need to spread portfolio risks. Reviewing the local market, he sees the ever growing weight of institutional investment funds, and the scarcity of new development underpinning a continued fall in prime commercial yields. But he says that if the office letting trends of the past five years continue the market should be in balance within two years. After that the number of properties on offer is expected to increase sharply.

An average of around 1m square metres of offices have been available in the Dutch market over the past five years, with 70 to 80 per cent in the Rotterdam-The Hague-Amsterdam-Utrecht crescent. About 1.3m square metres of new offices are due to be built in the next five years, creating, on current take-up rates, a possible oversupply by the turn of the decade.

ZADELHOFF's plans reflect the growing interest of Dutch funds in British property. Last week's 48p a share cash offer for Midhurst White from Wereldhave, a more comfortable first step into the market than its earlier, abortive approach to English Property Corporation, follows Broeders' success in winning both the Aberdeen and Epsom central area redevelopments, and Ian Percy's move to set up the New England property companies in partnership with Holland-West Vast Goed BV.

Property Deals appear on Pages 26 and 33

## Airfix teams up with Glengate

RALPH EHRLMANN, chairman of Airfix Industries, has made his first foray into the property market.

Airfix's property arm has long managed the group's own freehold buildings. But now, in partnership with Julian Markham's Glengate Properties, the plastic kit group has signed its first external property deal with the purchase, for just over £1m, of the former headquarters buildings of the British Coal

Utilisation Research Association at Leatherhead.

The freehold site, bought from mortgagees of Stead Investments, includes 130,000 sq ft of industrial and research space let at rents averaging £1.65 a sq ft. Reversions over the next three years could increase a current rent roll of around £210,000 by a third.

Airfix and Glengate, which bought through its subsidiary Branway Properties, also have

scope to develop another 100,000 sq ft of industrial and research buildings on five cleared acres of the site.

The Leatherhead deal, where Barnett Baker acted for Glengate, is a departure for Airfix. But Mr. Ehrmann warns against reading too much into the move. "I don't," he says, "see us becoming property developers. This is just a cautious toe in the water... we are constantly looking for situations where we can use our funds profitably and, if it works out, we may do some more."

# INDUSTRIAL AND BUSINESS PROPERTY

## K for Industry

**ALDERSHOT**  
10,650 sq. ft. Warehouse  
TO LET

**BIRMINGHAM**  
New Warehouse Unit  
14,000 sq. ft.  
TO LET

**BRIGHTON**  
New Warehouse Units  
9,000-43,500 sq. ft.  
TO LET - AVAILABLE JANUARY, 1979

**CAVERSHAM, READING**  
Modern Warehouse  
10,850 sq. ft.  
High Office Content  
TO LET

**FAREHAM, HANTS.**  
Factories/Warehouses  
From 7,700 sq. ft.  
TO LET

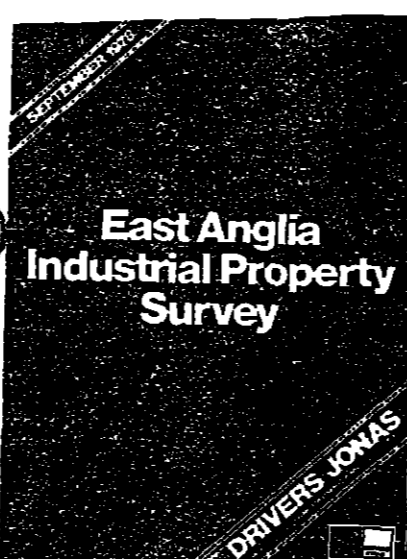
**LONDON, N.11**  
10,000/116,000 sq. ft.  
A New Development of Factory/  
Warehouse Units  
UNDER CONSTRUCTION  
TO LET

**LONDON, N.W.1**  
Factory/Warehouse  
16,400 sq. ft.  
2 Loading Docks. Central Heating.  
TO LET

**TOTTENHAM, N.17**  
Refurbished Factory  
27,800 sq. ft.  
TO LET @ 95p per sq. ft.

**King & Co**  
Chartered Surveyors  
1 Snow Hill, London, EC1  
01-236 3000 Telex 885485  
Manchester, Leeds and Brussels

## A comprehensive guide to Industrial Property in East Anglia



The first edition of an essential guide for companies occupying warehouse or factory premises in East Anglia, or considering moving to or expanding in the region. For a complimentary copy contact Christopher Armon-Jones or John Belsey on 01-830 9731

**DRIVERS JONES**  
18 Pall Mall, London SW1Y 5NF

## The proper way to go about property

No 3: Go for experience

After more than 185 years of dealing with every aspect of property, Farebrother Ellis are today, more than ever, a leading force in the world of property in London and indeed throughout the nation.

Their services include:-  
Investment: Building Design:  
Acquisitions: Letting: Valuation:  
Property Development: Management:  
Rating: Rent Review: Project Management.  
Whatever your property problems, there's a very good reason for consulting Farebrother Ellis first.

The professionals.  
Farebrother Ellis & Co., Chartered Surveyors,  
29 Fleet Street, London EC4Y 1AL. Tel: 01-353 9344



## Chestertons City Offices

9 Wood Street, Cheapside, EC2V 2AR 01-606 3055

EC2

15,500 Sq. Ft. approx.

Excellent Office for Central City occupier

Principals only to reference A.W.H.B.

## Chestertons Office property

## Prime Mayfair Office Building 4,500 sq. ft.

+ 3 Luxury Flats Including 1 Duplex Penthouse

Full Vacant Possession Long Lease For...

Details from sole agent:

Charles Price & Company 01-406 1111  
201 Berkeley Square, London, W1J 8JZ

## WELWYN GARDEN CITY, HERTFORDSHIRE

Office, Production and Warehouse 14,000 sq. ft.

- \* Balance of 999 yr lease.
- \* Part with sprinklers.
- \* 5 Ton Gantry Crane.
- \* Airlines throughout Production.
- \* Close City Centre and Amenities.
- \* First Class working conditions.
- \* Easy access to A 1(M), M 10 and A 10.

**WH LEE**

53, Wigmore's North  
Welwyn Garden City, Herts.  
Welwyn Garden 29186  
(STD)-070 73).

## 36,000 SQ FT AT £3.60 A SQ FT IS AN ATTRACTIVE PROPOSITION ANYWHERE. IN SWINDON IT'S IRRESISTIBLE

In a town that's already home to a large number of Britain's biggest business names, the Murray John Tower is something special. This magnificent 22 storey building offers expanding and relocating businesses 3 floors of superb modern air conditioned office accommodation, located right in the town centre and close to all services and amenities.

Swindon itself, of course, is an international success story. The Nationwide Building Society, Hambro Life Assurance, W H Smith & Son and Burnham Oil are just a few of the companies which have been quick to realise Swindon's enormous potential. The Murray John Tower is an outstanding opportunity for your business to make a move for the better. A move to Swindon.

Contact: The Industrial Adviser, Thamesdown Borough Council, Civic Offices, Swindon, Telephone 0793 26161 Telex 44833



## ON-LINE

### Industrial Property

**Enfield, Middlesex.**  
Light industrial unit. To be built, 7,000 sq. ft.

**Bournemouth, Dorset.**  
Warehouse development. Units to let, 4,000 sq. ft. - 60,000 sq. ft.

**JLW Computon - A Complete Answer**

## 69 HIGH STREET, MAIDENHEAD

VALUABLE FREEHOLD BANK PREMISES  
With a frontage of 25ft plus return frontage  
WITH VACANT POSSESSION  
For Sale by Public Auction 30th November  
For full details apply.

**DUDLEY CLIFTON & SON**  
Chartered Surveyors

30/32 Queen Street, Maidenhead - Tel: (0628) 26201

**Southend-on-Sea, Essex.**  
Factory premises. To let, 17,095 sq. ft.

**Bury St. Edmunds, Suffolk.**  
Warehouse unit to be built.  
To let, 7,000 - 37,000 sq. ft.

**Edmonton, N.9.**  
Industrial site for disposal, 3 acres.

**Required for clients.**  
Reading area. Warehouse for 1 year only.  
From early 1979, 30,000-60,000 sq. ft.

**Industrial Office Department**  
33 King Street, London EC2V 8EE.  
Tel: 01-606 4060. Telex: 885557

**JONES LANG WOOLTON**  
Chartered Surveyors

## CRAWLEY, WEST SUSSEX

3.3 Acres Residential Building Land with outline consent

FOR SALE BY AUCTION (Unless previously sold)

Thursday, 2nd November, 1978

**BRADLEY & VAUGHAN**

11 Brighton Road, Crawley, Sussex - Tel: (0293) 23456  
and 1-1 Harwards Heath, Burgess Hill, Horsham, Brighton, East Grinstead

**TO LET****Small Factories**

Unit factories of 3,100 sq. ft.  
Offices, toilets, heating and lighting,  
storage bay and car parking included.  
Housing available to tenants and staff.

Ring John Case, Chief Estates Surveyor,  
0733 68931.  
Peterborough Development Corporation  
PO Box 3  
Peterborough PE1 1UJ

**Peterborough**  
Cathedral city - new town

**New air conditioned office development**

adjacent  
**Finsbury Square London EC2**

approx. 25,000 sq ft

**To be let**  
with Immediate Possession

**Debenham Tewson & Chinnocks**  
Chartered Surveyors

10th Floor, Paternoster Square  
London EC4A 3DF  
01-252 1520 Telex 883743  
Brussels Hamburg Bahrain Dubai  
Toronto New York Sydney

**City of London**

Two air-conditioned floors in new  
office building within 500 yards of  
Bank of England

**12,420 sq.ft.**  
and  
**11,760 sq.ft.**  
**To Let**

**Vigers City Agents**

4 Frederick's Place,  
London, EC2R 8DA  
01-606 7601

12 Well Court,  
Queen Street,  
London EC4A 9DN Tel: 01-248 3751

**BAKER STREET**

(12 mins.)

**NEW OFFICE BUILDING**

**7,300 sq. ft.**

LIFT • CENTRAL HEATING  
CARPETED • 15 CAR SPACES  
IMMEDIATE POSSESSION

Sole Agents -

**DRUCE**

EST 1922  
Druce House  
25 Manchester Square  
London W1A 2DD  
Tel: 01-498 1252

67-68  
**Grosvenor Street W.1**

A superb air conditioned office building  
To Let 11,500 sq. ft. approx



**SMITH MELZACK**  
77 Old Bond St. London W1X 3DA  
Tel: 01-492 1812

**London Works & Company**  
45 Mount St. London W1Y 5RD  
Tel: 01-492 5255

Close Bank of England

**Self Contained Refurbished Period Offices**

NOW AVAILABLE

**TO LET**  
**6,200 sq. ft. approx.**

at  
**27/28 Queen Street**  
**London EC4**

sole agents

**Hampton & Sons**

9 Dowgate Hill, EC4  
01-236 7831

**London EC4**

**Self Contained Office Building**  
**4,745 sq. ft.**

- \*CENTRAL HEATING
- \*SUSPENDED CEILINGS
- \*CARPETS THROUGHOUT

**London WC2**

**Modern Self Contained Offices**  
**3,286 sq. ft.**

- \*AIR CONDITIONED
- \*AUTOMATIC LIFTS
- \*PRESTIGE ENTRANCE HALL

Sole Agents

**Keith Cardale, Groves**  
Chartered Surveyors  
36 St. Andrews Hill, London, EC4 VSD  
01-248 9771

A development by Ravensett Industrial Estates Ltd.

**CALDICOT**

Gwent

5 minutes from (M4), Severn Bridge  
30 minutes from the centre of Bristol

**Factory-Warehouse TO LET**

for immediate occupation  
26,000 sq. ft. (can be divided)

**A good location with low overheads.**

Good local labour and service resources.

Intermediate Grant Status

For full particulars apply

**Hartnell/Taylor/Cook**

The Mall, Clifton, Bristol BS8 4DR. Telephone: 0272-39061

**Newlands**

Portwall House, Chepstow, Gwent. Tel: (02912) 2817

**Central London**

TENANT REQUIRED  
to support O.D.P. 28,500 sq. ft.  
Central London.  
Many benefits.

Write Box T.4966, Financial Times,  
10, Cannon Street, EC4P 4BY.

**TO LET**

**TOOLEY STREET**

**LONDON**

EXCELLENT SUITE OF

MODERN OFFICES

APPROX. 1,300 SQ. FT.

AT LOW RENTAL

**HAROLD E. LEVY & CO.**

Third Last Bridge Road, London, E17  
Tel. 01-556 9211

20

**St Swithin's Lane**  
**London EC4**

SELF-CONTAINED OFFICE BUILDING

approx. 13,000 sq. ft.

**LEASE FOR SALE**

- \* Central heating.
- \* Lifts.
- \* Car parking.

Joint Sole Agents

**Healey & Baker**

118 Old Broad Street, London EC2N 1AR  
Telephone 01-628 4361

**St Quintin**  
Son & Stanley

100, 102, 104, 106, 108, 110, 112, 114, 116, 118, 120, 122, 124, 126, 128, 130, 132, 134, 136, 138, 140, 142, 144, 146, 148, 150, 152, 154, 156, 158, 160, 162, 164, 166, 168, 170, 172, 174, 176, 178, 180, 182, 184, 186, 188, 190, 192, 194, 196, 198, 200, 202, 204, 206, 208, 210, 212, 214, 216, 218, 220, 222, 224, 226, 228, 230, 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256, 258, 260, 262, 264, 266, 268, 270, 272, 274, 276, 278, 280, 282, 284, 286, 288, 290, 292, 294, 296, 298, 300, 302, 304, 306, 308, 310, 312, 314, 316, 318, 320, 322, 324, 326, 328, 330, 332, 334, 336, 338, 340, 342, 344, 346, 348, 350, 352, 354, 356, 358, 360, 362, 364, 366, 368, 370, 372, 374, 376, 378, 380, 382, 384, 386, 388, 390, 392, 394, 396, 398, 400, 402, 404, 406, 408, 410, 412, 414, 416, 418, 420, 422, 424, 426, 428, 430, 432, 434, 436, 438, 440, 442, 444, 446, 448, 450, 452, 454, 456, 458, 460, 462, 464, 466, 468, 470, 472, 474, 476, 478, 480, 482, 484, 486, 488, 490, 492, 494, 496, 498, 500, 502, 504, 506, 508, 510, 512, 514, 516, 518, 520, 522, 524, 526, 528, 530, 532, 534, 536, 538, 540, 542, 544, 546, 548, 550, 552, 554, 556, 558, 560, 562, 564, 566, 568, 570, 572, 574, 576, 578, 580, 582, 584, 586, 588, 590, 592, 594, 596, 598, 600, 602, 604, 606, 608, 610, 612, 614, 616, 618, 620, 622, 624, 626, 628, 630, 632, 634, 636, 638, 640, 642, 644, 646, 648, 650, 652, 654, 656, 658, 660, 662, 664, 666, 668, 670, 672, 674, 676, 678, 680, 682, 684, 686, 688, 690, 692, 694, 696, 698, 700, 702, 704, 706, 708, 710, 712, 714, 716, 718, 720, 722, 724, 726, 728, 730, 732, 734, 736, 738, 740, 742, 744, 746, 748, 750, 752, 754, 756, 758, 760, 762, 764, 766, 768, 770, 772, 774, 776, 778, 780, 782, 784, 786, 788, 790, 792, 794, 796, 798, 800, 802, 804, 806, 808, 810, 812, 814, 816, 818, 820, 822, 824, 826, 828, 830, 832, 834, 836, 838, 840, 842, 844, 846, 848, 850, 852, 854, 856, 858, 860, 862, 864, 866, 868, 870, 872, 874, 876, 878, 880, 882, 884, 886, 888, 890, 892, 894, 896, 898, 900, 902, 904, 906, 908, 910, 912, 914, 916, 918, 920, 922, 924, 926, 928, 930, 932, 934, 936, 938, 940, 942, 944, 946, 948, 950, 952, 954, 956, 958, 960, 962, 964, 966, 968, 970, 972, 974, 976, 978, 980, 982, 984, 986, 988, 990, 992, 994, 996, 998, 1000

**CAN YOU AFFORD TO IGNORE****THIS BUILDING on THESE TERMS**

- 90,243 sq. ft.
- 40 minutes Victoria.
- Full air conditioning.
- Carpeting.
- Recessed lighting.
- Impressive double height entrance hall.
- 6 large lifts.
- Up to 200 car parking spaces.
- Telephones installed.
- Computer floor.
- Town centre location.
- Up to £100,000 for you towards partitioning etc.
- Initial rent of £1.50 rising to £3.60 per sq. ft. exclusive.
- Rates are only approximately 75p per sq. ft.
- Other lease terms by negotiation.

**Available now in units from 9,400 sq. ft.**

First class rail tickets provided for bona-fide applicants to view this building on request to:

**JONES LANG WOOTTON**  
Chartered Surveyors  
101 Mount St. London W1V 5AS Tel: 01-492 6940

**For Sale By Tender**

**7/8 Park Place - St. James's**  
**London SW1**

Freehold in Prime Location  
41 suites and ancillary accommodation

Full vacant possession

Closing date  
for Tender  
12 noon  
Friday 27th.  
October 1978  
Unless sold previously



Particulars from

9 CLIFFORD ST. LONDON W1X 2AL Tel: 01-734 1304

**DE GROOT COLLIS**

**Finborough Hall, Stowmarket, Suffolk.**

37,600 sq. ft. of Prestige Offices, House and Training School, surrounded by 185 acres of parkland which includes: 18 hole Golf Course, Nature Reserve, and Sports Facilities.



Please contact Sole Agents

**Strutt & Parker**

13 Hill Street, London W1X 8DL 11 Museum Street, Ipswich, IP1 1HH  
01-629 7282 (0473) 214841

Kenya, Lumb Lane, Andenshaw,  
Manchester M24 3GW. Tel. 061-270  
5515.







**Healey & Baker**  
Established 1820 in London  
29 St. George Street, Strand, London WC2E 9JH  
01-629 9292  
CITY OF LONDON, 10, ABchurch Lane, London EC4A 3DF  
01-499 1000

## BRITISH FUNDS

1978  
High Low Stock Price Div. Yield

"Shorts" (Lives up to Five Years)

1978	High	Low	Stock	Price	Div.	Yield
1001	1001	1001	1001	1001	1001	1001
1002	1002	1002	1002	1002	1002	1002
1003	1003	1003	1003	1003	1003	1003
1004	1004	1004	1004	1004	1004	1004
1005	1005	1005	1005	1005	1005	1005
1006	1006	1006	1006	1006	1006	1006
1007	1007	1007	1007	1007	1007	1007
1008	1008	1008	1008	1008	1008	1008
1009	1009	1009	1009	1009	1009	1009
1010	1010	1010	1010	1010	1010	1010

Five to Fifteen Years

1978	High	Low	Stock	Price	Div.	Yield
1011	1011	1011	1011	1011	1011	1011
1012	1012	1012	1012	1012	1012	1012
1013	1013	1013	1013	1013	1013	1013
1014	1014	1014	1014	1014	1014	1014
1015	1015	1015	1015	1015	1015	1015
1016	1016	1016	1016	1016	1016	1016
1017	1017	1017	1017	1017	1017	1017
1018	1018	1018	1018	1018	1018	1018
1019	1019	1019	1019	1019	1019	1019
1020	1020	1020	1020	1020	1020	1020

Over Fifteen Years

1978	High	Low	Stock	Price	Div.	Yield
1021	1021	1021	1021	1021	1021	1021
1022	1022	1022	1022	1022	1022	1022
1023	1023	1023	1023	1023	1023	1023
1024	1024	1024	1024	1024	1024	1024
1025	1025	1025	1025	1025	1025	1025
1026	1026	1026	1026	1026	1026	1026
1027	1027	1027	1027	1027	1027	1027
1028	1028	1028	1028	1028	1028	1028
1029	1029	1029	1029	1029	1029	1029
1030	1030	1030	1030	1030	1030	1030

Undated

1978

High Low Stock Price Div. Yield

INTERNATIONAL BANK

88 1001 1001 1001 1001 1001 1001

CORPORATION LOANS

1001 1001 1001 1001 1001 1001 1001

1002 1002 1002 1002 1002 1002 1002

1003 1003 1003 1003 1003 1003 1003

1004 1004 1004 1004 1004 1004 1004

1005 1005 1005 1005 1005 1005 1005

1006 1006 1006 1006 1006 1006 1006

1007 1007 1007 1007 1007 1007 1007

1008 1008 1008 1008 1008 1008 1008

1009 1009 1009 1009 1009 1009 1009

1010 1010 1010 1010 1010 1010 1010

1011 1011 1011 1011 1011 1011 1011

1012 1012 1012 1012 1012 1012 1012

1013 1013 1013 1013 1013 1013 1013

1014 1014 1014 1014 1014 1014 1014

1015 1015 1015 1015 1015 1015 1015

1016 1016 1016 1016 1016 1016 1016

1017 1017 1017 1017 1017 1017 1017

1018 1018 1018 1018 1018 1018 1018

1019 1019 1019 1019 1019 1019 1019

1020 1020 1020 1020 1020 1020 1020

1021 1021 1021 1021 1021 1021 1021

1022 1022 1022 1022 1022 1022 1022

1023 1023 1023 1023 1023 1023 1023

1024 1024 1024 1024 1024 1024 1024

1025 1025 1025 1025 1025 1025 1025

1026 1026 1026 1026 1026 1026 1026

1027 1027 1027 1027 1027 1027 1027

1028 1028 1028 1028 1028 1028 1028

1029 1029 1029 1029 1029 1029 1029

1030 1030 1030 1030 1030 1030 1030

1031 1031 1031 1031 1031 1031 1031

1032 1032 1032 1032 1032 1032 1032

1033 1033 1033 1033 1033 1033 1033

1034 1034 1034 1034 1034 1034 1034

1035 1035 1035 1035 1035 1035 1035

1036 1036 1036 1036 1036 1036 1036

1037 1037 1037 1037 1037 1037 1037

1038 1038 1038 1038 1038 1038 1038

1039 1039 1039 1039 1039 1039 1039

1040 1040 1040 1040 1040 1040 1040

1041 1041 1041 1041 1041 1041 1041

1042 1042 1042 1042 1042 1042 1042

1043 1043 1043 1043 1043 1043 1043

1044 1044 1044 1044 1044 1044 1044

1045 1045 1045 1045 1045 1045 1045

1046 1046 1046 1046 1046 1046 1046

1047 1047 1047 1047 1047 1047 1047

1048 1048 1048 1048 1048 1048 1048

1049 1049 1049 1049 1049 1049 1049

1050 1050 1050 1050 1050 1050 1050

1051 1051 1051 1051 1051 1051 1051

1052 1052 1052 1052 1052 1052 1052

## FT SHARE INFORMATION SERVICE

## BONDS &amp; RAILS—Cont.

1978	High	Low	Stock	Price	Div.	Yield
1053	1053	1053	1053	1053	1053	1053
1054	1054	1054	1054	1054	1054	1054
1055	1055	1055	1055	1055	1055	1055
1056	1056	1056	1056	1056	1056	1056
1057	1057	1057	1057	1057	1057	1057
1058	1058	1058	1058	1058	1058	1058
1059	1059	1059	1059	1059	1059	1059
1060	1060	1060	1060	1060	1060	1060
1061	1061	1061	1061	1061	1061	1061

## AMERICANS

1978	High	Low	Stock	Price	Div.	Yield
1062	1062	1062	1062	1062	1062	1062
1063	1063	1063	1063	1063	1063	1063
1064	1064	1064	1064	1064	1064	1064
1065	1065	1065	1065	1065	1065	1065
1066	1066	1066	1066	1066	1066	1066
1067	1067	1067	1067	1067	1067	1067
1068	1068	1068	1068	1068	1068	1068
1069	1069	1069	1069	1069	1069	1069
1070	1070	1070	1070	1070	1070	1070

## CANADIANS

1978	High	Low	Stock	Price	Div.	Yield
1071	1071	1071	1071	1071	1071	1071
1072	1072	1072	1072	1072	1072	1072
1073	1073	1073	1073	1073	1073	1073
1074	1074	1074	1074	1074	1074	1074
1075	1075	1075	1075	1075	1075	1075
1076	1076	1076	1076	1076	1076	1076
1077	1077	1077	1077	1077	1077	1077
1078	1078	1078	1078	1078	1078	1078
1079	1079	1079	1079	1079	1079	1079
1080	1080	1080	1080	1080	1080	1080

## BANKS &amp; HP—Continued

1978	High	Low	Stock	Price	Div.	Yield
1081	1081	1081	1081	1081	1081	1081
1082	1082	1082	1082	1082	1082	1082
1083	1083	1083	1083	1083	1083	1083
1084	1084	1084	1084	1084	1084	1084
1085	1085	1085	1085	1085	1085	1085
1086	1086	1086	1086	1086	1086	1086
1087	1087	1087	1087	1087	1087	1087
1088	1088	1088	1088	1088	1088	1088
1089	1089	1089	1089	1089	1089	1089
1090	1090	1090	1090	1090	1090	1090

## CHEMICALS, PLASTICS—Cont.

1978	High	Low	Stock	Price	Div.	Yield
1091	1091	1091	1091	1091	1091	1091
1092	1092	1092	1092	1092	1092	1092
1093	1093	1093	1093	1093	1093	1093
1094	1094	1094	1094	1094	1094	1094
1095	1095	1095	1095	1095	1095	1095
1096	1096	1096	1096	1096	1096	1096
1097	1097	1097	1097	1097	1097	1097
1098	1098	1098	1098	1098	1098	1098
1099	1099	1099	1099	1099	1099	1099
1100	1100	1100	1100	1100	1100	1100

## ENGINEERING—Continued

1978	High	Low	Stock	Price	Div.	Yield
1101	1101	1101	1101	1101	1101	1101
1102	1102	1102	1102	1102	1102	1102
1103	1103	1103	1103	1103	1103	1103
1104	1104	1104	1104	1104	1104	1104
1105	1105	1105	1105	1105	1105	1105
1106	1106	1106	1106	1106	1106	1106
1107	1107	1107	1107	1107	1107	1107
1108	1108	1108	1108	1108	1108	1108
1109	1109	1109	1109	1109	1109	1109
1110	1110	1110	1110	1110	1110	1110

## DRAPERY AND STORES

1978	High	Low	Stock	Price	Div.	Yield
1111	1111	1111	1111	1111	1111	1111
1112	1112	1112	1112	1112	1112	1112
1113	1113	1113	1113	1113	1113	1113
1114	1114	1114	1114	1114	1114	1114
1115	1115	1115	1115	1115	1115	1115
1116	1116	1116	1116	1116	1116	1116
1117	1117	1117	1117	1117	1117	1117
1118	1118	1118	1118	1118	1118	1118
1119	1119	1119	1119	1119	1119	1119
1120	1120	1120	1120	1120	1120	1120

## BEERS, WIN



**FAG**  
keep things rolling  
FAG Bearing Co. Ltd.  
Wolverhampton. Tel: 09077 4114

# FINANCIAL TIMES

Friday October 13 1978

**BELL'S**  
SCOTCH WHISKY  
**BELL'S**

THE LEX COLUMN

## Carter warns as Mideast talks start

BY DAVID BUCHAN

WASHINGTON, Oct. 12.

PRESIDENT CARTER opened the historic negotiations today of a full peace agreement between Egypt and Israel, with a warning that a treaty between them would be only a first step towards a comprehensive Middle East settlement.

After the opening ceremony in the East Room of the White House, attended by some 200 Administration officials, Congressmen and diplomats, Israeli and Egyptian delegations held their first negotiating session, U.S. officials led by Mr. Cyrus Vance, the Secretary of State, also took part.

Mr. Carter repeated his invitation to Jordan and to the Palestinians of the West Bank and Gaza Strip to participate in negotiations for a wider settlement.

Neither has so far shown much willingness to do so.

The President warned that the alternatives were "drift, stalemate, continued enmity and perhaps war."

### Fully committed

He stressed that the U.S. was totally committed to seeing Israel reach settlements with all her Arab neighbours. "We will work hand-in-hand with all involved parties until the job is done and peace is assured."

These two points of Mr. Carter were echoed in brief formal remarks by the leaders of the Egyptian delegation, Mr. Kamel Hassan Ali, the Defence Minister, who said Egypt would encourage "other Arab parties" to join in the talks, giving full rights to all Palestinians.

He welcomed the U.S. commitment to the negotiations.

Mr. Moshe Dayan, Israeli Foreign Minister, leading his country's delegation, limited his remarks to hopes for speedy conclusion of a bilateral treaty with Egypt.

The length of the Egyptian-Israeli talks, expected by U.S. officials to be between two and

three weeks, may depend on progress on the future of the Israeli-occupied West Bank and Gaza Strip, as much as the easier issue of Sinai.

The U.S. view, as stated by Mr. Carter earlier this week, is that the two problems, while not directly linked, are closely interrelated in the minds of all those who were at last month's Camp David summit.

The West Bank is certain to figure prominently in the talks here.

The Egyptian and Israeli delegations include a number of military advisers, as well as Defence Ministers, on both sides to negotiate the details of the Israeli pull-back from Sinai, how it should be phased, and what permanent security arrangements between the two countries should be.

The President to the Camp David framework agreement on Sinai, the terms of the peace treaty would be implemented over two to three years.

The Sinai framework agreement, which contains far more detail than that for the West Bank, restores Egyptian sovereignty over the whole of Sinai.

It provides for total withdrawal of Israeli troops from the area; allows Egypt to use Israeli-built airfields in Sinai for civilian purposes only; and gives Israeli ships free passage through the Gulf of Suez and the Suez Canal.

Further provisions in the Camp David accord provide for stationing of Israeli and Egyptian troops on either side of the border, as well as UN forces.

The U.S. has agreed in a separate accord with Israel to help the Israelis build two new air bases in the Negev Desert as compensation for those given up in Sinai.

## Reed negotiates sale of Australia stake

BY JAMES FORTH AND ANDREW TAYLOR

REED INTERNATIONAL, which has raised \$26m this year through the sale of large parts of its South African and Canadian interests is now negotiating the sale of its 80 per cent stake in its Australian holding company.

If the sale goes ahead and negotiations to sell the rest of its Canadian interests are successful, Reed will have raised well over £100m through disposals in the past six months.

Reed would not reveal yesterday the identity of the prospective purchaser, who would have to mount an outright bid for the Australian subsidiary—Reed Consolidated Industries—but said that a full statement was likely to be made in the next few days.

Reed's share price is currently holding firm at 482 and if a bid emerged at this level, Reed International's holding would be worth around \$40m (£24m).

At the stated net asset value of \$42.30 a share, Reed's stake is worth almost £27m.

The British-based multinational has been attempting to reduce its mountain of debt over the past 18 months through a series of disposals mostly of overseas assets.

So far this year, Reed has sold

its 83 per cent stake in its South African packaging subsidiary Nampak for £39m, and has raised a further £27.3m through the sale of joint venture interests in British Columbia. In addition, the parent group has bought the decorative products interests of its Canadian subsidiary for £17.1m.

Now the group is negotiating the sale of the rest of its Canadian interests as well as its major Australian holdings.

Principal activities of the Australian subsidiary, which also operates in New Zealand, the Middle East and California, are in paper, packaging, building products, publishing, leisure and irrigation. In the past five years, net profits have grown from \$2.8m (£1.6m) to \$7.1m (£4.1m) in 1977.

However, in the first six months of the current year, profits went into reverse, falling 37 per cent to just under £1m.

Meanwhile, the group says that negotiations are proceeding with a number of suitors—including, it is thought, Bloedel, Canada's largest forest products group—interested in the remainder of its Canadian operations.

## Daily Telegraph talks break down

BY PAULINE CLARK, LABOUR STAFF

THE DISPUTE at the Daily Telegraph worsened last night when 240 London printers said they would not meet again for at least another week.

The paper, whose London editions did not appear this morning for the eighth day running, said last night that it was considering its financial future following the latest breakdown in talks.

Some 83m copies have been lost in the dispute which is over pay and industrial relations procedures. This is in addition to its loss in the first nine months of this year due to industrial action of more than 15m copies. Only the Sun has lost more copies, over 78m, this year.

The dispute initially centred on a comparatively minor pay issue affecting only 24 members of the National Graphical Association operating photo transmission equipment. But it developed this week into a confrontation of much wider significance to the industrial relations problems in Fleet Street.

Rejecting a management proposal for full-time union officials to be involved in discussions on observance of disputes procedures, the NGA stated yesterday it was determined to stand firm on its demand for a standstill on all work until the first set their terms in a

order with local chapels (union branches).

This position has also proved a major obstacle to the efforts of Times Newspapers to bring together all the print unions at national level to co-operate in drawing up a reformed industrial relations system of its own. The paper has set a November 30 deadline for suspension of all its publications if agreement is not reached by then.

Union officials declared the Daily Telegraph dispute official on Monday after management said it would not pay NGA members full pay for a period when they acted in support of the telephoto group. They had refused to handle editorial material which would have normally come through that department.

More than 25 hours of talks between management, chapel officers, NGA national and regional officials, and representatives from the Newspaper Publishers' Association have failed to provide a solution.

Apart from the disagreement over who should take part in formulating a new disputes procedure and the pay issue affecting telephoto printers, the dispute has also involved talks over extra pay for NGA members handling catch-up material when the London edition reappears.

## Pilots told to black jets in safety dispute

BY LYNTON McLAINE

IMMEDIATE action to black British Airways aircraft may be taken without warning by pilots on domestic and European flights after a "deplorable deterioration in the technical state of the aircraft," the British Airline Pilots Association said in a letter to the airline's pilots yesterday.

Captain Roy Hutchings, chairman of BALPA, said that so far none of the aircraft flown by British Airways had been unsafe.

British Airways said last night that it did not compromise on safety. There were regulations laid down by the Civil Aviation Authority and the airline and if an aircraft was in any way unfit it would not be flown.

The airline said that two or three aircraft a day had been grounded as a result of an overtime ban by engineers and a strike by record clerks at Heathrow Airport London. "There had been 'tremendous problems' with the servicing of towing tractors and there were long delays in getting aircraft moved for servicing."

The issue of an alleged decline in the technical state of aircraft was first raised by BALPA in March, but British Airways had offered only "insulting excuses," the pilots' letter said.

The pilots' association said the time for talking was past. The directive from BALPA's national executive council could mean the immediate grounding of an aircraft.

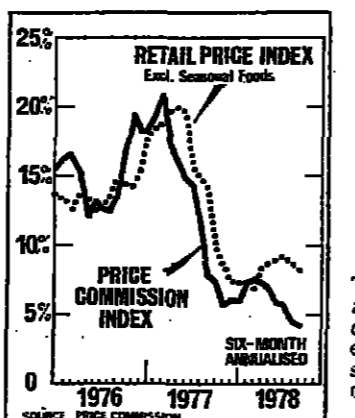
There would be no advance warning and any blacked aircraft would not be flown by any BALPA pilot until the association was satisfied that a defect had been corrected. The pilots would have the complete backing of the association if in their opinion an aircraft should not be flown.

British Airways engineering and maintenance staff have banned overtime for over a week. The dispute is understood to be over the unwillingness of British Airways management to meet the engineers' request for parity with engineers at British Caledonian Airways.

The ban has delayed essential maintenance on aircraft, particularly for long-haul flights. Maintenance engineers are finishing their shifts regardless of whether maintenance work has been completed. The new shift has to go through the paperwork from scratch, delaying maintenance.

The strike by 31 women in the records office has restricted the flow of spare parts for aircraft maintenance at Heathrow. Maintenance engineers have refused to cross the clerks' picket lines and spare parts and fuel for engine testing has been held up. Rolls-Royce Spey and Tyne engines, on Trident and Vanguard, which would normally be removed for routine testing, are now tested in the aircraft. They are taken to a distant part of the airfield and the shortage of tractors, resulting from overtime ban, has meant serious delays.

British Airways said last night that it was seeking urgent meetings with the engineering unions.



## Price rise rate improves slightly

By David Churchill, Consumer Affairs Correspondent

A FURTHER boost for the Government's hopes of keeping the annual inflation rate with single figures came yesterday from the latest index of price rises notified to the Price Commission.

The Commission's index for September revealed that price rises notified over the previous six months were running at 4.2 per cent expressed at an annual rate. This was slightly better than the August rate of 4.4 per cent and a substantial improvement on the July figure of 5.8 per cent.

The index is a reliable guide to future retail price rises since it reflects price increases notified to the Commission for implementation over the next few months.

Under the Government's prices legislation, all manufacturing companies with a turnover in excess of £15m have to give the Commission 28 days notice of intended price rises.

This also applies to service companies with a turnover above £12m.

The current rate of price inflation will be revealed today when the September Retail Price Index is announced. The RPI includes price changes such as those for fresh foods and mortgage rates—which are not included in the Price Commission's index.

But Mr. Charles Williams, Commission chairman, said yesterday that statistical work carried out by the Commission showed that correlation between the prices covered by both its index and the RPI showed a "good fit".

The Commission's index was usually three months in advance of the effect on the RPI, he added.

He emphasised that the divergence between the indices was due to the inclusion within the RPI of items whose price increases were not notified to the Commission.

"If we were to compile an index just of these items, there would be a large movement downwards throughout 1977 and a movement upwards of equal magnitude so far in 1978," he said.

Continued from Page 1

## Sir Keith's warning

and it would encourage effort and enterprise in every way.

He launched a strong attack on overmanning in industry and claimed that nearly every action under the Government's industrial strategy involved a subsidy from the taxpayer towards overmanning.

Although Mr. Heath has been the only leading Tory to come out openly in opposition to the policy trends, there are indications that some members of the shadow Cabinet are nervous about the way policy is developed.

## Engineers put in 33% claim

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT faces another big challenge to its 5 per cent pay policy from 2.5m engineering workers. They have submitted a claim for 33 per cent on basic rates.

Mr. Hugh Scanlon, president of the Confederation of Shipbuilding and Engineering Unions, yesterday told the workers in 18 affiliated unions in the fight against the pay guidelines.

After the national executive meeting of the confederation in York, Mr. Scanlon laid down an uncompromising challenge to the Government. "We do not recognise Phase Four. Individual unions are being recommended to proceed at the appropriate time with domestic claims on the basis of free collective bargaining."

The Government will enjoy some breathing space at the national level on the claim, because the engineering unions are prepared to respect the 12-month rule and honour the present agreement until it expires next April.

But shop stewards in individual companies are already lodging plant-level claims of up to 20 per cent under the industry's two-tier bargaining structure.

The minimum rates negotiated by the Confederation for 1.25m workers in Engineering Employers' Federation-affiliated companies are improved on in plant-level agreements to its real wages levels.

The national claim which will be submitted immediately, is in line with those drawn up at the national committee of the Amalgamated Union of Engineering Workers and the confederation's annual conference.

It calls for a basic scale increase from £50 to £80, a reduction in the working week to 35 hours, and a one-week improvement in holidays to five weeks a year.

Present rates for the engineering industry stem from a two-stage Phase Three agreement which raised the skilled rate in April from £42 to £57, and the lowest rate from £32.60 to £43.

The second stage, which came into force at the beginning of this month, took the skilled rate to £60, and the unskilled rate to £45.

But many engineering companies are likely to have, perhaps, only 2 to 3 per cent to offer workers this year. This is because of the Department of Employment's insistence that wage agreements concluded since August 1 must be offset against the Phase Four pay limit.

Mr. Scanlon said the EEF had sent letters to its 6,000 member firms urging acceptance of the 5 per cent guideline.

The engineering employers estimate the overlapping from Phase Three through plant bargaining affects about two-thirds of EEF-member firms.

Workers at Renault car components factory, Coventry, are in the fourth week of a strike because the national agreement's second stage has taken up 1.5 per cent of the wage bill, leaving only 3.5 per cent for Phase Four.

They have submitted a plant claim for pay increases and a reduction in settlements of around 7 per cent with inflation management estimates is worth a 20 per cent increase.

The confederation's pay data bank is continuing to record a majority of settlements at around 5 per cent, following claims in the region of 20-30 per cent. But it is too early to assess the impact of last week's Labour Party conference and the Ford and British Oxygen developments on individual companies' negotiations.

Sir John added that he recognised that the need for flexibility in pay bargaining would lead to some high rises being agreed. But the confederation still believed that a generalised demand for a 5 per cent should be the target—although without any Government coercion. The result would then be a total earnings rise of around 7 per cent with inflation being kept in single figures.

Continued from Page 1

with support by the Swiss authorities, helped the dollar to recover in foreign exchange markets after it had fallen sharply in early trading.

Reflecting the pressure on the dollar in nervous early dealings, the pound briefly moved above the 52 level for the first time since August 15, while the West German D-mark went to a record high of DM 1.8560 to the dollar.

The dollar later picked up to end the day at its best levels

## Casualties of the currency upset

An air of somewhat unreal crisis was enveloping the money markets yesterday. There was never any chance of the nervously rumoured rise in MLR at 12.30 pm, but the discount houses are battering down the hatches. Until recently it has seemed unlikely that the authorities would come under any serious pressure before, say, the second half of November: at that stage, a new level for MLR could be chosen in the light of the updated Treasury economic forecasts and the second half money growth target. But the international currency crisis is now putting the heat on: at today's Treasury bill tender the rate is likely to rise to above 9½ per cent which would have led to an increase in MLR under the old formula.

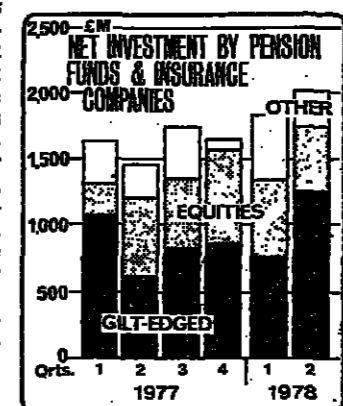
No immediate consequences will follow now that MLR is an administered rate. All the same, U.S. prime rates hit 10 per cent yesterday, and the Dutch bank rate followed the Belgian lombard rate upwards as the minor snake countries struggled to keep up with the D-mark.

Nowhere was the impact of the currency crisis more obvious than in the Eurosterling bond market. Already dead to all would-be borrowers since April, it has now fallen off the slab. Since the beginning of this month the prices of the 18 outstanding issues have fallen by an average of five points—and a number fall by a point in the course of yesterday alone. There is a jaundiced view abroad of the outlook for British inflation and interest rates.

The Sears bond is representative. The movement in price over the past fortnight has jerked the redemption yield from 11½ to 12½ per cent, which is only marginally below the yield on the equivalent gilt. But it is still not enough for dealers who have seen their short term Eurosterling financing costs go from 12½ to 13½ per cent, over the last four weeks.

**Institutions**

The full second quarter figures for investment by insurance companies and pension funds illustrate the underlying problem of the long-term capital market: gilt-edged have been absorbing a higher proportion of cash flows, at rapidly rising real interest rates. In the second quarter, for instance, private sector pension funds put



more into gilts than into equities and property combined—though the latter would be normally regarded as more suitable investments for this type of fund.

Taking all the insurance companies and private and public sector pension funds together, with a grand total inflow of just over £2bn in April-June, the figures show that investment in company securities at £498m, was the lowest for five quarters, reflecting the scarcity of rights issues and the unwillingness of fund managers to chase prices higher. Meanwhile, some £1.27bn went into Government and local authority securities.

The third quarter figures, however, are likely to show a strikingly different picture—after the beginning of July the institutions became saturated with gilts and began piling up cash which had generally been run down in April-June.

**Debenhams**

If you disregard Caters, the food retailers, and the photographic chain Greens, which between them lost £1.2m, Debenhams looks to have had a useful first half. Department store operating profits were probably up by something like a quarter on a sales increase of around 15 per cent.

A number of sale and lease-back arrangements in the second half will raise £11m and continue the work of patching up the balance sheet, replacing borrowings with future real liabilities. It was very largely the reduction in the cost of finance resulting from last year's sale and leasebacks that its bonds.

**Non-premium bonds**

Henderson Administration has just followed half a dozen other investment trusts in exploring the new avenue for investment abroad which opened up in January when the Bank of England announced that foreign currency borrowings for investment in certain EEC bonds might be taken at the spot rate. The managers' idea is that securities at present held through the premium should, over the next five years, be gradually refinanced through back to back loans—the backing, in this case, being provided by EEC bonds denominated in the same currency rather than, as is now customary, by British sterling gilts.

Obviously this technique will limit the currency exposure, as well as cutting down the risks implicit in the premium. However, there are potential snags—notably that a trust might have to pay a lot more on its borrowings than it can earn on its bonds.

## Weather

UK TODAY

DRY and warm.  
London, S.E. E. Cent. S.  
N.W. N.E. Cent. N. England  
E. Anglia. E. and W. Midlands  
Fog clearing; dry, sunny  
periods. Max. 31C-33C (70F-73F).  
Channel Is. S.W. England,  
Wales

Fog patches early, dry, sunny periods, cooler on coasts. Max. 20C-22C (68F-72F).

Lake District, Borders, Edinburgh and Dundee, S.W. Scotland, Glasgow  
Fog clearing; dry, sunny periods. Max. 18C-19C (64F-66F).

Isle of Man, Ireland  
Fog early; dry, sunny periods. Max. 17C-18C (63F-64F).

Aberdeen, Cent. Highlands, Moray Firth, Argyll, N.W. Scotland  
Mainly dry, sunny periods. Max. 16C (61F).

Orkney, Shetland  
Rather cloudy, some showers. Max. 13C (55F).

Outlook: Mostly dry, becoming cooler.

**BUSINESS CENTRES**

City	Y'day	Today	Y'day	Today
	midday	midday	midday	midday
Amsterdam	24	24	24	24
Antwerp	24	24	24	24
Brussels	24	24	24	24
Frankfurt	24	24	24	24
Geneva	24	24	24	24
London	24	24	24	24
Madrid	24	24	24	24
Paris	24	24	24	24
Rome	24	24	24	24
Stockholm	24	24	24	24
Switzerland	24	24	24	24
Vienna	24	24	24	24
Zurich	24	24	24	24

**HOLIDAY RESORTS**

City	Y'day	Today	Y'day	Today
	midday	midday	midday	midday
Alexandria	24	24	24	24
Algiers	24	24	24	24
Barcelona	24	24	24	24
Bombay	24	24	24	24
Buenos Aires	24	24	24	24
Calcutta	24	24	24	24
Cairo	24	24	24	24
Canton	24	24	24	24
Cebu	24	24	24	24
Colon	24	24	24	24
Hankow	24	24	24	24
Hong Kong	24	24	24	24
Kobe	24	24	24	24
London	24	24	24	24
Lyons	24	24	24	24
Manila	24	24	24	24
Medan	24	24	24	24
Osaka	24	24	24	24
Shanghai	24	24	24	24
Singapore	24	24	24	24
Tokyo	24	24	24	24
Yokohama	24	24	24	24

## Medical Aid Plans

by  
**CRUSADER**

Who are pleased to announce their new U.K. contracts. Crusader administer a large portfolio of U.K. and overseas group employee benefit schemes using an efficient computerised system keeping administration costs to a low level, thus enabling highly competitive rates to be offered.

For full particulars write to:

Douglas W. Scott, Manager, Group Sales & Service Department, Crusader Insurance Co. Ltd., Vincula House, Tower Place, London EC3P 3BE.

I am interested in the following Crusader Booklet (✓ as reqd):  
Companies with 5-50 employees ☐  
Companies with over 50 employees ☐

Name \_\_\_\_\_  
Address \_\_\_\_\_

A member of the Bowring Group

Registered at the Post Office. Printed by St. Clement's Press Ltd. and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4A 3DF. © The Financial Times Ltd. 1978